

Calm Cover - THE BEST WAY TO SILENCE YOUR COMPUTER PRINTER

Pensions: Open letter to Norman Fowler p10

My book of the year: Critics' choice p14

BT SALE: So far so good p22 Tory hair-shirt starts to itch p23

Cracks in the Old Masters p21

Philippa's plum pudding p19

WORLD NEWS

Heath raps 'housewife economics'

Former Premier Edward Heath last night derided the "kitchen sink economics of the housewife" behind the Government's reluctance to increase public borrowing.

Shampoo 'contaminated'

The makers of Sunilk shampoo asked shops in Dublin, Limerick and Kilkenny to take off their shelves after animal rights activists said they laced it with bleach in protest at Sunilk's alleged involvement in animal experiments.

Thatcher letter bomb

An incendiary device addressed to Mrs Thatcher was intercepted at a London postal sorting office. The Scottish National Liberation Army claimed responsibility.

Discos charged

Five discos were sent for trial in Belfast on the murder of 17-year-old John McLaughlin in Ballybrannigan, Londonderry, disco.

Yard for log

Scotland is to investigate the best ways to log the Conqueror forest in the Highlands war.

Security talks revive

East-West security talks in Stockholm are likely to begin next week after an 11-month procedural deadlock was broken.

68 die in Sri Lanka

More than 60 people died when Tamil separatists attacked two farms in northern Sri Lanka and the army counter-attacked.

Rebels in peace talks

El Salvador's leftwing rebels proposed a power-sharing "consensus government" during peace talks with the U.S.-backed government.

Six years for killer

John Lambert, 34, was jailed for six years at Oxford Crown Court for the manslaughter of his three young daughters. He strangled them after finding his wife was unfaithful.

Derailment inquiry

British Rail ordered an inquiry into the derailment of five coaches of a Hereford-London express. Six people were hurt, none seriously.

Refugees flee Chad

At least 144,000 Chadians have fled to neighbouring states to escape civil war and famine in the last two months, the UN refugee organisation said.

Hawke set to triumph

Australians go to the polls today with Premier Bob Hawke's Labor Party expected to win a landslide victory.

Open fire sale

South African policemen used tear gas to disperse shoppers, mainly blacks and Indians, struggling to get into a cut-price supermarket near Durban.

MARKETS

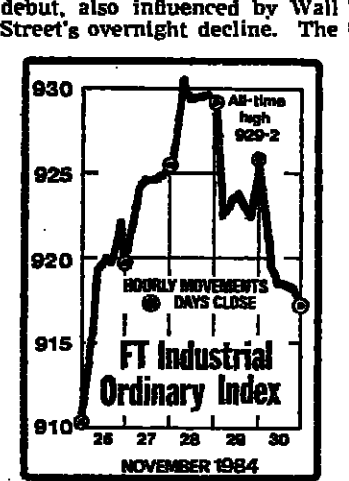
Table with market data including DOLLAR, STERLING, LONDON MONEY, STOCK INDICES, and U.S. LUNCHTIME RATES.

BUSINESS SUMMARY

Italy adds to wine ferment

ITALY added to Europe's wine lake without a single extra grape being squeezed by revealing 1.8bn litres of production which went astray in previous statistics. The discovery adds to the difficulties facing the heads of government who have to agree how to cut the ever more costly wine surplus at next week's Dublin summit.

EQUITIES drifted lower in the lull



FT Industrial Ordinary Index lost 8.5 to 917.3, nearly 12 points below Wednesday's peak. Page 28

TOKYO share prices rose strongly in active trading of domestic industry issues. The Nikkei Dow Jones Average gained 62.26 to a record 11,428.9. Page 28

DOLLAR attracted further commercial and speculative demand, gaining 2.65/pennings to a six-week high of DM 3.1045, while the Dollar Index rose to 142.9 from 142.7. Sterling lost 35 points to \$1.198, but firmed against European currencies. Page 27

BRAZIL announced an oil find estimated at 200m-250m barrels off the coast of Rio de Janeiro state, on the fringes of the Campos Basin field. Page 2

HERON International, privately owned trading and property concern, became the first British company to issue a floating rate bond denominated in Ecu—a seven-year Ecu 40m (£24m) note launched through Banque Indosuez of Paris. Page 24

BICC, electrical group, plans to spend £18m on reorganising its business in the north-west, building two plants, but making up to 430 people redundant. Page 4

DBS, Britain's direct broadcasting by satellite project will be uneconomic unless the costs of the planned three satellite systems are reduced, according to the project co-ordinator. Page 4

PRUVENTURE, the venture capital arm of Prudential Portfolio Managers, and 3i (Investors in Industry) are jointly underwriting a £12m management buyout of Westbury Homes, Cheltenham-based builder. Page 24

HARLAND AND WOLFF, state-owned Belfast shipbuilders, cut its losses by 30 per cent to £28.8m in the year to March 31. Page 4

TEXTRON, New England conglomerate, made a \$1.3bn (£1.09bn) offer for Aveco, a slightly larger and more profitable New England group. Page 25

Kinnock tells miners violence must stop

BY JOHN LLOYD AND DAVID BRINDLE

MR NEIL KINNOCK, Labour Party leader, told striking miners last night that an immediate stop must be put to the violence in the coalfields following the killing of South Wales taxi driver Mr David Wilkie.

Speaking in Stoke-on-Trent at a rally called by Labour in support of the strike, he said the violence was not organised or controlled. It was the work of individuals who "deface the cause and disgust us all."

Mr Wilkie, aged 35, died early yesterday after two concrete blocks, one 3 ft long, had allegedly been thrown from an overhead bridge and had smashed through the windscreen of his taxi, trapping him at the wheel as the vehicle careered up an embankment.

He had been driving a working miner to Merthyr Vale colliery, near Aberfan. Police launched an investigation and last night were questioning three men.

Mr Kinnock earlier added his voice to widespread condemnation of the incident.

The Prime Minister, expressing horror at what she called the "calculated malice" of the killing, said: "No decent thinking person can support a strike sustained by this violence and thuggery. It is terrible that they should."

The death increased pressure on Mr Kinnock at last night's meeting. After declining to attend any of the previous rallies organised by the National Union of Mineworkers, his position was, in any case, delicate.

A small section of last night's audience greeted him with a chorus of catcalls and boos, but did not prevent him from delivering his most unequivocal condemnation of violence since the dispute began nine months ago.

He told the 1,500-strong rally: "Violence is not controlled or ordered or wielded by an organisation. It is action by individuals. And I say again to these individuals, wherever they are and whoever they are, the violence has got to stop and stop now. If you endanger others, you deface the cause and you disgust us all."

"Violence will not bring victory. Violence is the main barrier to victory."

However, Mr Kinnock made "an appeal to the nation" to look behind the scenes of violence: "Ask yourselves why your fellow countrymen and women are showing such endurance, in spite of poverty and terrible oppression."

Repeating the Labour Party's support for the case for coal, he said plans for the closure of 20 pits and the loss of 20,000 jobs should be withdrawn and a negotiated settlement achieved.

Mr Kinnock was critical of the police who he claimed had overreacted on picket lines. "Moderates have been shocked by the ferocity of the actions of some of the police," he said.

Continued on Back Page

Receiver to take over NUM funds

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FINANCIAL control of the National Union of Mineworkers was last night taken away from its trustees—Mr Arthur Scargill, the union president; Mr Mike McGahey, the Scottish miners' leader; and Mr Peter Heathfield, the union general secretary—and put into the hands of a High Court-appointed receiver.

Last night's unprecedented High Court decision means that, subject to any appeal by the union this weekend, the receiver, Mr Herbert Brewer, solicitor of Ilkeston, Derbyshire, will be in Luxembourg on Monday morning to try to take control of the £4.68m of NUM funds in an account at Nobis-Finanz International, a Luxembourg bank.

Assuming the bank accepts his authority, he will return the money to England and hand it over to the sequestrators appointed to seize the union's funds, enabling them to pay the £200,000 contempt of court fine imposed on the NUM last month.

Mr Brewer's status as a court-appointed receiver is expected to carry more weight in Luxembourg than that of the sequestrators. The four partners in City chartered accountants, Price Waterhouse, who on Thursday failed to block the union's Luxembourg court move to unfreeze the £4.63m.

The belief is that, whereas foreign banks and courts may not be familiar with English sequestration orders, receiverships are generally understood.

The High Court decision, the result of an action brought by a group of working miners, could spell the end of the NUM's defiance of the courts. The £4.63m in Luxembourg is more than half the money the union sent abroad in an attempt to avoid sequestration.

The sequestrators have been ordered to pay the NUM £2.78m in damages for their account and a ruling is awaited on their application to a Swiss court for an order freezing £503,000 in a Zurich bank.

Mr Justice Mervyn Davies said the order removing the trustees and appointing a receiver, which will remain in force until another High Court hearing on Thursday was needed because the trustees had put the NUM's funds in jeopardy.

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UK ready for closer EEC links - Thatcher

By David Housego in Paris

MRS THATCHER yesterday injected fresh warmth in Britain's ties with France as she declared Britain's readiness for greater EEC collaboration.

Speaking at the conclusion of the Franco-British summit in Paris she praised President Francois Mitterrand for "leadership and firmness" which had made possible a settlement of the British budget dispute at the European Council summit at Fontainebleau in June.

She said that the settlement had contributed to an atmosphere of co-operation; constructive discussion in two-day talks at the summit.

Later, at a speech last night to the conference of the Franco-British Council in Avignon she claimed that "Britain and France are steering very far in the same direction" towards greater EEC co-operation.

Reflecting the improvement in relations after the end of the five-year budget dispute, the two sides published a list of industrial and military ventures on which industry from both sides of the Channel are collaborating — in many cases in co-operation with other EEC partners.

Among the projects mentioned was the link-up by Genie Electric Company of Britain and Framatome, the French nuclear power company, to the contract for the building of the Guangdong power station in southern China.

Mrs Thatcher said that she hoped the industries of the two countries would obtain "substantial" orders from each other.

The two governments issued a joint statement in which they said they would "continue to give urgency to the study of ways in which private industry in the two countries could be financially profitable and the time had come to take a new step. The working group which is looking at the security, environmental and legal issues."

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Reagan may impose freeze on spending to cut deficit

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan is considering a drastic freeze on U.S. government spending in an effort to halve the budget deficit to \$100bn in the 1987-88 fiscal year, the White House said yesterday.

Mr Larry Speakes, White House spokesman, said that the idea would be to hold spending in the 1985-86 fiscal year, which begins next October, to the \$98.5bn projected for the current year. He stressed, however, that Mr Reagan had made no final decision.

With inflation running at about 4 per cent a year, a freeze at current nominal spending levels would mean a real reduction in overall spending. Officials, however, said that even that would not be enough to produce the savings needed.

Any freeze would not be across-the-board, they said. Some programmes would have to be cut or eliminated while others, such as defence and social security, would be allowed to rise.

Mr Reagan still believed that the target of a \$100bn deficit by 1987-1988 could be met through a combination of the freeze concept and further cuts. Mr Speakes said.

The targets proposed by Mr David Stockman, the Budget Director, involve cuts totalling \$240bn over three years—\$45bn in the coming budget year, \$85bn the following year and \$110bn in 1987-1988. The freeze by itself would reduce 1985-1986 spending by only about \$30bn below current projections, Mr Speakes said.

Mr Reagan yesterday continued examining the options with his budget advisers after postponing a Cabinet meeting at which he had planned to set departmental spending guidelines. Mr Speakes said that Mr Reagan would continue his "line-by-line" study of programmes on Monday and Tuesday, at which point he would conduct a detailed review of defence spending.

Mr Caspar Weinberger, the Defence Secretary, has already opposed any cuts in projected defence spending. Mr Stockman has suggested defence cuts that would total some \$58bn over the three years, starting with up to \$10bn in 1985-86.

Mr Reagan "tentatively" adopted the freeze approach, officials said, after Republican congressional leaders told him on Thursday that it would be easier to sell to Congress than the wholesale axing of individual programmes originally proposed by Mr Stockman.

The Republican group told the President that there would be no way of getting the unpopular cuts in defence programmes through Congress.

Mr Stockman has suggested reducing or eliminating programmes such as farm support to the Export-Import Bank.

It seemed clear, however, that the freeze would still spare a number of the programmes. Mr Stockman's "black book" of the loose leaf folder proposed cuts he took to the White House. The main attraction of the freeze approach was to present the operation in a more politically palatable manner, given that many Democrats have spoken of the need to freeze public spending.

U.S. trade figures, Page 2

BT staff rush to take up shares

BY ALISON HOGAN

ABOUT 95 per cent of British Telecom's 241,000 employees are thought to have applied for their allocation of 54 free shares in the privatised company, in spite of opposition from the Post Office Engineering Union. Four out of five BT workers are seeking additional shares.

The Government has offered to give two shares for every one purchased by BT employees, up to a maximum value of just over £100.

Applications overall are expected to total about 21m. Most of those made by the public are for small amounts of 200 and 400. Requests for larger amounts of 1,200 and upwards are reported to have tailed-off quite sharply.

The Government and its advisers yesterday began the task of deciding how to allot the 1.685m shares which are being made available to the public. The level of oversubscription is believed to be at least twice the amount available.

"We don't think the public will be early sellers; they will not have received their letters of allotment," said Mr Terry Connor, of jobs for Biscord Bishop. "Our main hope is from the U.S."

Morgan Stanley, the investment bank handling the sale in the U.S., has reported that over 150 institutions are potential buyers of BT stock. "It is the highest quality institutional book we have seen in Wall Street for two or three years," said Mr Tom Saunders.

He expects the institutions to be long-term holders of BT shares, although a few may sell some of their allotment if the shares go to a generous premium.

The trading floor of the Stock Exchange will be open until 6 pm on Monday so that dealings in BT shares can continue after the late 3 pm start. The Stock Exchange Council has also agreed that dealings in other electrical stocks may proceed, as a number of deals are expected to involve switch bargains between stocks.

Dealings in traded options in BT will begin next Tuesday, a week earlier than originally planned. Market makers put pressure on the Stock Exchange Council to bring the date closer to the start of general dealings. Traded options allow investors to buy or sell the underlying shares at a fixed price within a specified time limit.

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An invitation to any investor with £25,000 or more. The Directors of Vanbrugh Life Assurance and the Investment Managers of the Prudential Group invite you to discover the full range of advantages offered to substantial investors through their VIP service.

OVERSEAS NEWS

Hopes raised for world trade talks next year

By Anthony McDermott in Geneva

THE PROSPECTS for a new round of trade liberalisation talks brightened yesterday with endorsements from Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT) and the European Community...

Hawke set for triumph in today's election

By Michael Thompson-Noel in Sydney

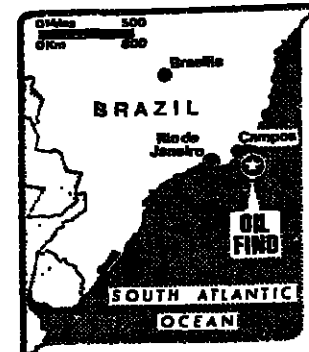
MR BOB HAWKE's right wing Labor Government is expected to consolidate its grip on power in today's Australian general election...

Brazil announces major offshore oil find

By Andrew Whitley in Rio de Janeiro

BRAZIL has announced a major oil find off the coast of Rio de Janeiro state on the fringes of its existing Campos Basin oil field...

It thus gives a major boost to Petrobras's long-standing hopes of further finds in deeper waters and could lead to a new round of equipment orders...



Hammer takes U.S. hopes to Moscow

By Terry Dodsworth in New York

DR ARMAND HAMMER'S stock is not riding particularly high on Wall Street at present, but it apparently remains as buoyant as ever with the Soviet leadership...

U.S. trade deficit narrows slightly in October

By Nancy Dunne in Washington

THE U.S. deficit in merchandise trade narrowed to \$9.2bn (£7.9bn) in October as imports declined and exports rose...

El Salvador rebels put peace terms

By David Gardner in San Salvador

EL SALVADOR'S left-wing rebels are seeking a phased end to the country's five-year civil war...

Ethiopia rebels allege daily death toll of 1,500

By Michael Holman

MORE THAN 1,500 people are dying daily in the famine hit north of Ethiopia under effective rebel control...

Bonn Parliament approves 1985 federal budget

By Rupert Cornwell in Bonn

DESPITE bitter criticism from the left-wing opposition, the West German Parliament yesterday formally approved the government's 1985 budget...

Italian inflation declines to 8.6%

By James Buxton in Rome

ITALY'S ANNUAL inflation rate dropped below 9 per cent in November—its lowest level since 1973...

Portugal to sell shares in some state companies

By Diana Smith in Lisbon

PORTUGAL'S CENTRE left union has decided to sell in some of the 60-odd and medium sized companies that the state acquired...

Tom Burns meets the head of INI, Spain's public sector industrial holding company

Look like a Socialist; axe like a tycoon

"THE DAY I took over at INI the blast furnace at Sagunto went out—it was a good omen," says Sr Luis Croissier...

he completed a final service in 1974. That was a year before General Franco died and at a time when the Partido Socialista Obrero Español (PSOE) was illegal...

cratic background and his political militancy—"all the party members in Madrid fitted into one apartment when I joined"—who would be the more likely captain of industry in Spain...

Francisco's death even more lame ducks came to rest in INI as the Government made industrial peace a major priority...

to the Japanese group Fujitsu. The priority concerns, however, over steel, shipping, capital goods, the car producer Seat and international airline Iberia...

St Lawrence seaway blocked

By Bernard Simon in Toronto

SHIPOWNERS have filed about 100 lawsuits against the St Lawrence seaway for leases stemming from a jammed lift bridge which has blocked the seaway at Valleyfield, Quebec...

Table with columns for bank names and interest rates under the heading 'BASE LENDING RATES'.

Advertisement for Omega Constellation watches, featuring an image of a watch and text describing its precision and performance.

Dublin summit 'must clear way for EEC enlargement'

BY QUENTIN FEEL IN BRUSSELS

LEADERS OF the European Community have been warned that they must clear the way for agreement on the future membership of Spain and Portugal at their summit meeting in Dublin next week, or face "profound political consequences" in those countries.

They also may be facing their last chance to reach agreement on the outstanding obstacles to the planned enlargement of the Community to include Spain and Portugal at their summit meeting in Dublin next week, or face "profound political consequences" in those countries.

With at least three months required to translate the treaties of accession for Spain and Portugal into all the languages necessary for Parliamentary approval in the 10-member states, such a delay could threaten the entire enlargement timetable, he warned.

That in turn could jeopardise the promised increase in budget contributions by member states, which West Germany insists cannot take effect until the

entry date for the new members.

"The psychological impact on the applicant states of an inability to resolve now the remaining questions could be serious, and could have profound political consequences," he said.

His words were backed yesterday by M. Gaston Thorn, president of the European Commission, who stressed that failure to reach agreement on the outstanding dossiers could drastically delay the whole enlargement process.

M. Thorn said that if the problem areas were not resolved amongst member states before January, they would get caught up in the annual process of fixing farm prices, and then almost inevitably be put back for resolution to the March summit meeting.

The warning came in a letter to nine European heads of state and government from Dr Garret FitzGerald, the Irish Prime Minister and current president of the European Council, who

yesterday flew to Rome for last-minute talks with Sig Bettino Craxi, the Italian Prime Minister.

The negotiations on enlargement represented the major outstanding issue facing the Community since the last summit meeting in Fontainebleau, he said. What progress had been made so far had been "marred by the inability of member states to reach agreement amongst themselves" on a whole range of questions, which include control of wine production; accommodation of the Spanish fishing fleet; and agricultural trade.

Dr FitzGerald has now held talks with both President Francois Mitterrand and Sig Craxi in the past three days in an effort to find a way through the current deadlock.

The major outstanding issue is the question of how to control current EEC wine production. France insists that controls must be agreed before enlargement, but Italy has resisted hitherto.

Michael Donne on how outstanding decisions could affect BA's price Difficult choices as aviation charts its course

THE GOVERNMENT still faces a number of major decisions on aviation on the run-up to the privatisation of British Airways, now expected by February 14.

Those decisions will affect the pattern of civil aviation development to the end of this century. Some could also have a far-reaching effect on BA's competitive position, and thus influence its future revenues—and its privatisation prospectus.

The decisions include: ● Settling the controversy on how to implement the proposed limit of 275,000 aircraft movements a year at Heathrow from next October.

● Choosing between a fifth passenger terminal at Heathrow and the expansion of Stansted as the third airport for London, either of which will add substantially to BA's costs.

● Settling the row with the U.S. over the relationship between the Bermuda Two air agreement and the U.S. anti-trust laws, which may otherwise result in long-term uncertainty over transatlantic air route operations—again with serious implications for BA.

● Pushing ahead with the international negotiations on the proposed "dual designation"—introducing competition from British Caledonian and other independent airlines on many of BA's international routes, thereby reducing its market share.



Flight delays: how many more passengers can Heathrow take?

from next October, when Terminal Four becomes operational there, be settled as soon as possible, because BA, as the biggest single user of Heathrow, may be among those airlines obliged to transfer some operations elsewhere.

With Heathrow's annual movements running at 270,500, and traffic rising at an annual rate of 7.8 per cent, it seems clear that the proposed limit will be exceeded well before October, even allowing for the planned cessation of the Gatwick-Heathrow helicopter link, which would release around 7,000 movements a year for other, larger aircraft.

From this it follows that some airlines now will have to move some services out of Heathrow to Gatwick or Stansted.

Nobody yet knows which airlines will be affected, or how many services will have to go. It is essential that the methods of applying the proposed limit of 275,000 aircraft movements a year at Heathrow

should not be the only operators penalised.

The Department of Transport is expected soon to ask the BAA, as the owner and operator of Heathrow, to draw up a scheme for implementing the limit. It is hoped this will be published early in the New Year.

Whatever methods are employed, those unfortunate enough to be required to move are bound to protest vigorously. This in turn gives rise to the equally controversial question of whether to develop a fifth passenger terminal at Heathrow, or to expand Stansted to cope with the expected growth of air traffic in and out of London and the South-east over the rest of this century.

Revised statistics for passenger traffic growth show that, by 1990, London area traffic, now running at 43m passengers a year, could be running between 54.5m and 66.5m. By 1995, the total will have risen to 64.9m-89.8m, and to between 74.1m and 118m by the end of the century.

Current developments will permit a maximum of about 68m passengers a year by the end of this decade—with Heathrow capable of coping with 38m, Gatwick with 25m, Luton with about 31m, and Stansted with about 2m.

With total London and South-east traffic growing at an annual rate of 9.6 per cent, the BAA planners believe there will be a major shortfall in airport capacity in the London area in the 1990s, requiring both new terminal facilities and a more intensive use of available runway capacity.

The BAA believes this can best be provided at Stansted, where the runway capacity is under-used and where there is considerable scope for new terminal developments.

BA disagrees, and wants to see a fifth terminal at Heathrow, coping with another 15m passengers a year, raising that airport's capacity to 53m passengers a year.

Mr Graham Eyre, the inspector who presided over the 21-year public planning inquiry

into this controversial issue, has just sent his report to the Government. It has taken him over a year to write.

The Government says it will publish the report early in the New Year, and permit parliamentary debate prior to any decision. Whatever the inspector recommends is bound to be unpopular with somebody, as will also be whatever decision the Government takes.

BA believes strongly that a decision in favour of Stansted, requiring a move to that airport of some of its services, will involve it in extensive additional costs that would exceed the costs of remaining at Heathrow and building a fifth terminal there.

The airline thus has a strong interest in the decision, which will profoundly influence its future costs, and possibly also its profitability.

Settling the row with the U.S. over transatlantic air services is also now a major necessity for BA's long-term peace of mind and profitable operations. At the heart of the dispute which has already resulted in cheaper transatlantic air fares this winter being frozen, is the difference of view over the interpretation of the Bermuda Two air agreement with the U.S., signed in 1977.

The UK argues that airlines flying the North Atlantic are governed by the Bermuda Two treaty, which as an international agreement takes precedence over the anti-trust laws. The U.S. strongly disagrees; with this view, and long discussions so far have failed to bridge the impasse.

The other issues outstanding also seem likely to have a long term effect on BA's revenue and profitability. The extension of the "dual designation" concept—allowing other UK airlines to compete with it or many of its overseas routes—is likely to result in at least some sharing of capacity of some routes.

Budget Ministers agree to increase in farm spending

BY OUR BRUSSELS CORRESPONDENT

EEC Budget Ministers have sought to defuse their looming conflict with the European Parliament over the next year's Community budget by tentatively allowing an extra Ecu 1.3bn (£780m) to be spent on the Common Agricultural Policy.

The sum, however, has been placed between "square brackets"—a time-honoured Community device to mark disagreement and the need for eventual compromise.

The move is an attempt to show that the 10 member states are committed to spending the money, even though they have yet to decide how they can finance it.

However, the Ministers have flatly rejected the other move by the Parliament to tie repayment of the British and West German budget rebates, totalling some Ecu 1.5bn, to particular spending schemes, rather than allowing both governments simply to withhold the money from their budget contributions.

The revisions to the Parliament's budget strategy were agreed by the Ministers after meeting for some 16 hours in Brussels, but MEPs doubt that

they will go far enough to prevent the spending plans being rejected as inadequate when they meet next month.

Parliament had challenged that the 1985 draft budget put forward by the Ministers totalling some Ecu 25.9bn (£15.5bn), would only finance 10 months' of next year's committed spending, and added in a further Ecu 3bn of both spending and revenue to cover the extra Ecu 1.3bn needed for the CAP; Ecu 1.5bn for the rebates, and smaller amounts for other items.

The Ministers have not agreed yet on providing any extra revenue—that is blocked by West Germany's refusal to sanction an early increase in contributions, before the enlargement of the Community to include Spain and Portugal in 1986.

Instead, they have put the farm spending between square brackets, and left the budget rebates out, except to say they promise to finance them at some stage.

The Ministers approved other spending increases of Ecu 180m compared with Parliament's bid for some Ecu 375m, to go on items such as food aid, regional development, and social policies.

Europeans win bulk of EEC computer orders

By Ivo Dawson in Brussels

THE EUROPEAN Commission yesterday revealed details of the new technology it has chosen to replace its existing computer and information retrieval systems in a programme valued at up to Ecu 50m (£30m) over the next five years.

The plan, drawn up after a year-long study, concentrates the major contracts with ICI, Siemens, Amdahl and Bull for the computer centre at Luxembourg with Philips, Olivetti and Thomson winning the bulk of the end-user equipment.

The predominance of European companies among the contractors selected is likely to irritate IBM, the world computer leader, and may arouse considerable controversy. Bill Commission officials were anxious to point out yesterday that no anti-IBM bias was involved in the choice.

Instead, it was emphasised that the purchasing policy had been based on a determination to buy from a diverse range of manufacturers using compatible products. The Commission added that some IBM equipment would be used.

Last summer, the Commission and IBM were involved in a head-on clash when Community officials demanded that the company should, in future, supply details in advance of its new models to allow European companies time to develop compatible equipment.

Door 'ajar' to licensing law change

By Ivo Owen

CHANGES IN the licensing law to permit public houses in England and Wales to have flexible opening hours are unlikely for at least another year, Mr David Mellor, Home Office Under-Secretary, indicated in the Commons yesterday.

The results of a survey, expected next summer, of the consequences of the legislation passed eight years ago authorising flexible opening hours in Scotland would be a big factor in determining the Government's attitude.

Mr Mellor said: "The door to change is not bolted and barred, but it stands enticingly ajar."

Such an important change had to be based on a firm foundation of evidence that it was likely to lead to a worsening of the problems associated with alcoholism and not just on "a wish and a prayer."

Tissot paintings fetch £248,400

THE REVIVAL of interest in the paintings of James Joseph Tissot maintains its momentum. The Barbican is holding an exhibition of his work, and Christie's yesterday sold two previously "lost" pictures by this French artist, whose best work was painted in London in the 1870s.

An 1877 portrait of his mistress, Mrs Kathleen Newton, discovered in Australia, sold to the London dealer Owen Edgar for £162,000, while a painting of his earlier Parisian days Le Printemps, discovered in Sweden, made £86,400.

British Council chief attacks spending cuts

THE MAIN budget of the British Council will be cut by 2.2 per cent in real terms as a result of the public spending totals recently announced by the Government for the year beginning April 1985. Sir John Burgh, the council's director general, told a House of Commons lunch.

Sir John described the sums the Government was saving through such economies as "fotling," and said the Government should have thought more about its priorities before imposing them. The constraints would force the council to consider closing further posts abroad.

Dunlop to sponsor darts tournament

DUNLOP SPORT will again sponsor the Classic Darts Tournament, the national men's individual championship open to darts players from pubs, clubs, works and businesses throughout the UK.

Rules governing jury service strengthened

THE RULES disqualifying people with criminal records from serving on juries are strengthened under the Juries (Disqualification) Act 1984 which is now in effect.

Yard in submarine logs inquiry

BY IVOR OWEN

SCOTLAND YARD is to investigate the loss of the controlroom logbooks of HMS Conqueror, the nuclear submarine, for the period in the Falklands conflict when it sank the General Belgrano, the Argentine battleship.

This development in the missing logbooks mystery was announced in a written answer in the Commons yesterday by Mr Michael Heseltine, the Defence Secretary. He said an Admiralty board of inquiry had failed to give an explanation of the documents.

He told MPs it was clear from the board's report that proper procedures for the custody and disposal of confidential controlroom logs had not been followed on the vessel for many months, including between March and October 1982.

Though logs for the immediately preceding and following times were located, this failure no doubt contributed to the loss of the documents.

Mr Denis Davies, Labour shadow Defence Secretary, said Mr Heseltine's resort to a written answer, which enabled him to evade immediate questioning by MPs, was cowardly and extraordinary in view of the missing logs' importance.

Mr George Foulkes, Labour MP for Carrick Cumnock and Doon Valley, a campaigner on the Belgrano issue, said it required an extraordinary investigation to believe the

Britain 'trails in science'

BRITAIN was warned yesterday that it is falling seriously behind the leading scientific nations.

"Science is becoming more sophisticated and more demanding all the time," said Sir Hermann Bondi, past chairman of the Natural Environment Research Council.

"Many of our partner friends and competitors have realised this and, though they are increasing their resources put at the disposal of science at a rate which is productive to the national annual report.

Nato and Warsaw Pact end security talks deadlock

BY DAVID BROWN IN STOCKHOLM

NATO and the Warsaw Pact states have broken their deadlock over working procedures for the 35-nation European Security Conference in Stockholm after 11 months and are likely to begin concrete discussions next week, delegates confirmed yesterday.

The move coincides with the recent improvement in the tone of U.S.-Soviet relations. It is based on intense efforts by Finland—a member of the neutral and non-aligned states—to find common ground for discussion of measures to improve military security in Europe.

Delegates have scheduled only one plenary session for next week, on Monday afternoon. The session is expected to take a formal decision on the agreement and break into a joint working group the same afternoon.

Both Nato and the Warsaw Pact have been anxious to avoid a working arrangement which would prejudice the final outcome—a concern which is mirrored in the elaborate arrangement of the discussions and the loosely-defined status of the proposals to be discussed.

The agreement creates two working groups. One will handle relatively non-controversial topics, including observation and notification of troop movements.

A second group will grapple with more difficult issues. These include Soviet demands for mutual declarations on the non-use of force, a ban on the first-use of nuclear weapons and constraints on military spending, which Nato has vigorously opposed. It will also consider limiting the size of military manoeuvres and ideas for creating nuclear free zones. The two groups will meet once a week.

This may prove to be all show, said one delegate referring to the Soviet acceptance of the working group framework. "But even show requires a political decision."

The Stockholm Forum, officially known as the Conference on Disarmament in Europe or CDE (although disarmament is not on the agenda) was the main product of the Madrid review of the Conference on European Security and Co-operation set up by the Helsinki Final Act in 1975.

Kohl welcomes 'new beginning'

THE REAGAN Administration yesterday began what it described as "a schedule of intensive consultations" with its allies in advance of the resumption of the U.S.-Soviet arms control dialogue in Geneva on January 7. Reginald Dale writes from Washington.

The first of a series of Western leaders to visit the White House following President Ronald Reagan's re-election earlier this month was Chancellor Helmut Kohl of West Germany, who said East-West relations had reached "a decisive point." The Geneva talks between Mr George Shultz, the U.S. State Secretary, and Mr Andrei Gromyko, the Soviet Foreign Minister, could mark a new beginning in U.S.-Soviet relations, he said. Herr Kohl warned, however, against "too high expectations" of the talks and said "one has to have patience."

Herr Kohl is to be followed by Mrs Margaret Thatcher, the British Prime Minister, who will meet Mr Reagan in Washington on December 22 and, in the New Year, by Prime Minister Yasuhiro Nakasone of Japan and Mr Wilfried Martens, the Belgian Premier.

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UK NEWS

BICC £19m reorganisation will cost up to 430 jobs

BY ANDREW FISHER

BICC, the electrical group, is to spend £19m on reorganising its businesses in the North-west. Two plants will be built and up to 430 people made redundant in an area with more than 20 per cent unemployment.

The job losses will mostly result from the closure by next April of the group's telephone cable factory at Prescot on Merseyside. Output will be concentrated at Blackley, north Manchester.

The move is prompted by over-capacity in the metallic cable market and low world prices. But BICC will build a factory in the Prescot area employing 200 people, producing optical fibre cable.

In the components sector, where prices have also slipped in the face of stiff competition, BICC will move the activities at Prescot, Lea Green (St Helens) and Runcorn, on Merseyside, into a new building at Prescot. About £4m will be spent on equipment.

The Lea Green site, to be vacated by March 1986, will take over activities of BICC Vero Connectors, which makes electrical connectors for the telecommunications, data systems and electronics industries. These are located at Farr (St Helens) and Skelmersdale. About 30 redundancies will be involved in the transfer.

Finally, the group's Vantruck business, which makes cable support materials and accessories, will be consolidated in Runcorn. Its factory in Harlow Essex, will be closed by the end of the year, as announced. Thirty jobs will be transferred north.

Three-quarters of the budgeted £19m will go on investment. The rest will help to find jobs and provide advice and assistance for those made redundant.

The high unemployment rate in the area has left unions doubtful that many jobs can be found. A mass meeting will be held tomorrow by the transport workers' union, more than 300 of whose members stand to lose their jobs.

The unions intend to propose a plan of action to try to save the jobs. However, a similar protest over BICC redundancies in February in the area was unsuccessful.

Harland and Wolff cuts its losses to £29.8m

By Our Belfast Correspondent

HARLAND AND WOLFF, the state-owned Belfast shipbuilders, cut its losses by 50 per cent to £29.8m in the year to March 31.

The company is still struggling to keep down losses on ship construction, but it has largely paid for a rationalisation programme which has reduced its provision for future losses from £15.1m to £9.2m.

The annual report showed turnover up from £72.5m to £85.9m while the loss on work carried out fell marginally to £19.8m.

The cost of cutting the workforce, now at 5,500, fell from £3m to £2.8m while rationalisation costs were cut from £4.7m to £2.32m.

The overall loss fell from £42.5m to £29.8m but the adverse balance carried forward now amounts to £236.7m.

Mr John Parker, the chairman, said demand for new vessels was still very depressed. The improvement in market conditions needed for merchant shipbuilding to be viable remained some way off.

However, the company had recorded successes in winning orders, including work from the Ministry of Defence and a contract from BP to produce a novel vessel to exploit marginal North Sea oil fields.

The company's sustained attack on overheads during the past two years had yielded savings of £8.5m a year, and the search for other economies to improve competitiveness would go on.

The results will be greeted with some satisfaction by Northern Ireland Office ministers who believe Harland and Wolff is succeeding in reducing its need for public funds even though visibility is hardly on the horizon. The size of the workforce has largely stabilised, with an order book now worth more than £200m.

Mr Kenneth Baker, minister for local government, said in a written parliamentary answer, that savings would result from rationalisation and more efficient provision of services by authorities which would take over.

The statement, promised during the committee stage of the Bill, added little to the primary figures given in the Bill published last week.

About 900 total authority posts are expected to disappear out of 40,000 employed by the GLC and metropolitan counties, saving £128m gross a year. The net reduction in employees will be 8,000, after allowing for staff transfers to residuary bodies.

A further 900 staff will be needed in non-departmental bodies and a small number in Whitehall, bringing the savings down to £100m after 1986-87.

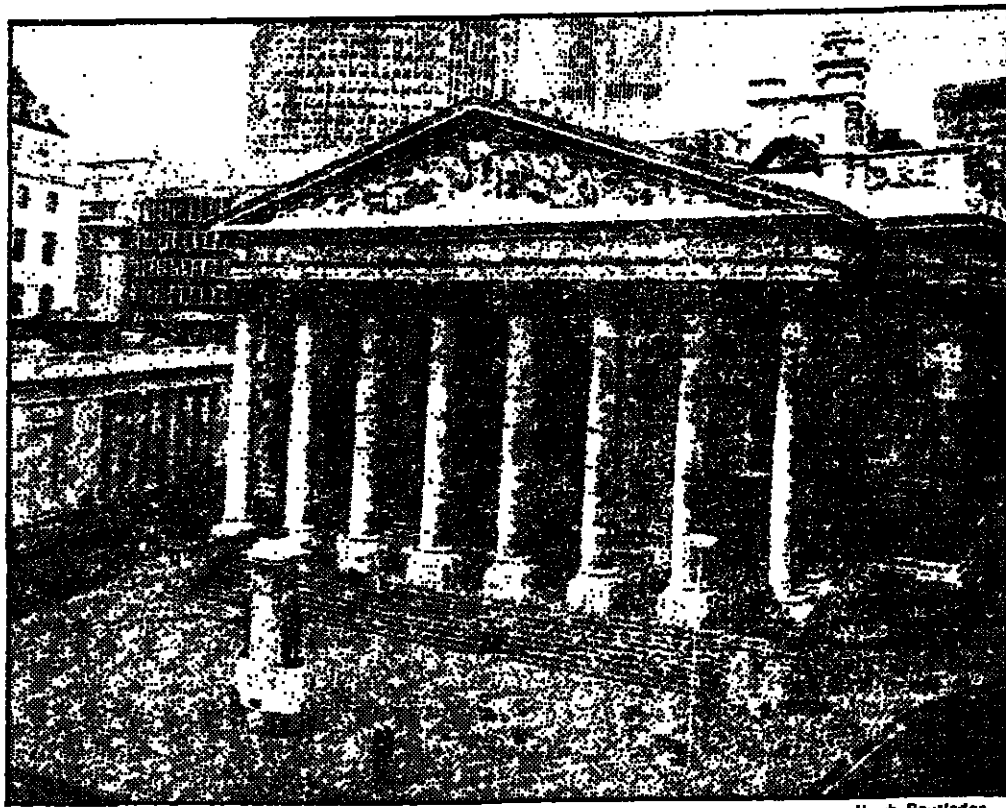
Transitional costs would be most heavy in 1986-87, the first year after the planned abolition, said the statement. An estimated £40m would be paid in compensation to staff made redundant by abolition. The statement mentioned temporary costs arising from organisational change.

But if a map of Britain were now drawn which showed only the areas eligible for automatic grants—Clydeside, Tyne-side, Merseyside, industrial South Wales and pockets in Cornwall, Corby, South Yorkshire and Humberside—it would not differ greatly from that introduced in 1984 when regional aid was launched.

What the Government has done with its radicalism is to put the clock back a long way, even though it was already moving backwards after the changes five years ago: back about as far as the Special Areas (Development and Improvement) Act of 1934 which set in motion the process of assisting areas severely affected by structural change.

The problem of the peripheral areas has always been a lack of growth industries, a poor record of new-company generation, little innovation and decision-making and a preponderance of cities with inner-area problems.

They have also suffered from a high degree of external control and an absence of R & D facilities. With few exceptions, such as Bibby, Littlewoods and Vernons Pools in Liverpool, NEI in Newcastle, Coats Patons in Glasgow, Rowntree Mackintosh in York and the CWS in Manchester, most company headquarters are to be found in or around London.



Hugh Routledge

The Royal Exchange, a City of London landmark standing beside the Bank of England, is to undergo a £20m facelift. Guardian Royal Exchange, the insurance group associated with the buildings on the site for 260 years, is about to submit proposals to the City of London Corporation.

The plans will take about three years to complete once planning permission is given. They involve extensive refurbishment of the building, a listed monument which has become an internationally recognised symbol of the City.

Guardian Royal Exchange consulted the Royal Fine Arts Commission, the Directorate of Ancient Monuments, the Greater London Council, the City Heritage Society and the Victorian Society. The Secretary of State for the Environment will make the final decision on whether the project can proceed.

The building's courtyard is occupied by the London International Financial Futures Exchange, which will not be affected by the proposals. The rest of the Corinthian-style building is Guardian Royal Exchange's headquarters. The group says the building has become inconvenient and old-fashioned but will continue to be occupied by it when the project is complete.

The facade is to be restored. The barrel-vaulted roof and the central dome are to be raised two storeys to provide more accommodation.

The first Royal Exchange was built in 1569 and destroyed in the Great Fire. Its replacement was burnt down. The present building was erected after a controversial architectural competition in 1840.

Legal and General is an important house buildings insurer, but its contents portfolio, covering some 300,000 houses, is fairly small in comparison with giants like the Prudential. Nevertheless, in common with all other insurance companies in the UK, it has suffered from the rising crime rate, particularly in London and other big cities.

Like many other companies, Legal and General has reviewed claims experience through an analysis by postcode districts and has produced the most comprehensive rating structure of any insurance company.

Its latest system has 10 rating areas, compared with the Pru's eight, and five or six for most other companies. Rates range from £3 per £1,000 cover for the lowest risk areas to £11 per £1,000 in the high-risk London and inner city areas.

Legal and General's top rate is far lower than that charged by other insurance companies, which have recently increased their contents premiums. Commercial Union charges £14 per £1,000 cover and Norwich Union £12, while the Pru is lifting its top rate to £15 in the new year.

Legal and General on the other hand, is not following the lead given by the Pru in excluding the first £200-rates areas. In certain top-risk areas—many London districts, Bradford, Liverpool, Leeds, Manchester and surprisingly Watford, clients will have to comply with prescribed security standards, before being accepted. They may pay higher rates assessed individually, if they have a poor claims record or the house is unoccupied for long periods.

The business plan sets out a series of options, and it will take Britain's broadcasters most of the weekend to come to terms with the complexity of the document.

Threat to satellite broadcasting project

BY RAYMOND SNODDY

BRITAIN'S direct broadcasting by satellite project will be un-economic unless the cost of the proposed three-satellite system is reduced.

This is a main conclusion of the DBS business plan delivered yesterday to 21 companies and organisations trying to put together a joint project.

United Satellites, the consortium of British Aerospace, British Telecom and GEC-Marconi has quoted £80m a year for a system using three satellites—two in space and one on the ground. This would add up to well over £550m for the satellites alone during the life of the project, even before programmes are included.

The likelihood now is that future talks will concentrate on a two satellite system with less backup capacity.

The business plan was produced by the project co-ordinator, Mr Andrew Quinn, general manager of Granada Television. It gives a cautiously optimistic assessment of the project if the satellite cost is reduced. Heavy marketing could produce a viable business in the tentative conclusion.

The business plan—a document so large that it had to be delivered in boxes—does not come to simple unequivocal conclusions either for or against the DBS project.

It emphasises that all the variables—cost of receiving equipment, programmes, satellite channels—affect each other and have to be considered together.

The business plan sets out a series of options, and it will take Britain's broadcasters most of the weekend to come to terms with the complexity of the document.

ECONOMIC DIARY

TODAY: Australian general election.

TOMORROW: Mr Arthur Scargill, NUM president, attends 'Carnegie Town Hall'.

MONDAY: Mrs Margaret Thatcher, Prime Minister, attends European Council two-day summit meeting at Dublin Castle; agenda includes economic situation, Department of Trade publishes figures for credit sales (October—final).

Mr David Trippier, Minister for Small Firms, speaks at Graduate Enterprise Programme launch.

British Airways interim results. Trading opens in British Telecom shares. European Group of Nato Defence Ministers meets in Brussels. Grenada general election.

TUESDAY: Housing starts and completions in October and house renovations (third quarter). UK official reserves for November. October final figures of car and commercial vehicle production. Capital issues and redemptions during the month of November. EEC Fisheries Council meets in Brussels, agenda includes prices for 1985. Full two-day meeting of Nato Defence Ministers opens. Brussels. Rank Hovis McDougall final results. Institute of Fiscal Studies conference on pension funds. Park Court Hotel, W2.

WEDNESDAY: Advance energy statistics for October. TUC due to return to Nedo. FT two-day world banking conference opens. Inter Continental Hotel, W1. John Brown interim results.

THURSDAY: Joint meeting of EEC industry and environment Ministers to debate pollution from cars and large combustion plants. Brussels. UK Tax Congress and Exhibition opens. Wembley Conference Centre (to December 7). UK balance of payments in third quarter. Provisional figures of vehicle production for November. Austrian WIFO economic research institute presents quarterly forecast.

JOHNSON MATTHEY extraordinary meeting on rights issue and capital reconstruction. Hanson Trust, Bass and BOC final results.

FRIDAY: The Economist/The Royal Institute of International Affairs conference on technology transfer and East/West relations. Chatham House, SW1. Harison Malaysian Estates results. November cost of living index expected for the Netherlands.

Thorn seeks film finance

By Raymond Snoddy

THORN EMI Screen Entertainment is seeking to raise funds from City institutions to finance the production of British films.

The company said yesterday it hoped to raise funds on five British-based films aimed at the international market which are in the final stages of the production process.

It is the first time Thorn-EMI has gone to City institutions with such a proposal.

Thorn is seeking £18m in loan stock and preference shares. The company will match this external investment pound for pound.

The five films are A Passage To India, The Honourable Consulant, Dream Child, Morans From Outer Space and Wild Geese II.

Thorn is in effect raising money on the films to help finance future production.

If the offering goes well, it will become part of a continuing programme.

Anthony Moreton assesses the change in policy towards Britain's hard hit areas

Government's regional radicalism puts the clock back

WHEN the Government unveiled the broad outlines of its new approach to regional policy in a White Paper a year ago one Whitehall official forecast that the result would be the most radical review ever.

The final details, announced this week, finally bear out that forecast. So much so in fact that one question springs to mind: does the new approach herald the end of an effective policy towards the regions?

The Government has switched the emphasis on assistance from an economic to a social base. It no longer considers the main thrust of regional policy to lie in regenerating the economic life of parts of the country; rather, any justification for aid must come through the social and particular unemployment blackspots.

It has therefore concentrated the reduced amount of aid by favouring the areas of greatest need, but cutting the rate of capital grants and by imposing a much lower ceiling on the rate of grant per job created.

In addition, it has opted for greater selectivity. Half of all future assistance will be discretionary, compared with only a third at the moment.

To be fair to the Government, it has brought more service industries within the net, so that investment in football pools as well as data processing will be eligible for consideration in future years. It has also enlarged the net of areas entitled to seek special assistance to allow them to benefit from any EEC assistance on offer.

But if a map of Britain were now drawn which showed only the areas eligible for automatic grants—Clydeside, Tyne-side, Merseyside, industrial South Wales and pockets in Cornwall, Corby, South Yorkshire and Humberside—it would not differ greatly from that introduced in 1984 when regional aid was launched.

What the Government has done with its radicalism is to put the clock back a long way, even though it was already moving backwards after the changes five years ago: back about as far as the Special Areas (Development and Improvement) Act of 1934 which set in motion the process of assisting areas severely affected by structural change.

The problem of the peripheral areas has always been a lack of growth industries, a poor record of new-company generation, little innovation and decision-making and a preponderance of cities with inner-area problems.

They have also suffered from a high degree of external control and an absence of R & D facilities. With few exceptions, such as Bibby, Littlewoods and Vernons Pools in Liverpool, NEI in Newcastle, Coats Patons in Glasgow, Rowntree Mackintosh in York and the CWS in Manchester, most company headquarters are to be found in or around London.

Decision-making is concentrated in the southeast and branch plants, mostly in the regions are the first to suffer when a company falls on hard times. Such pruning as the Government has undertaken increases the tendency for the south-east to attract new capital.

For the past 25 years successive governments have sought to overcome this pull by offering inducements to companies to set up in the regions. When Ford built an engine plant at Bridgend in South Wales in the late 1970s it received more than £150m in aid towards the £225m cost.

The Ford project was a big one in job terms; at one time the plant employed more than 2,000. But the system of awarding large grants to capital-intensive projects founded on what became known as the 'caterpillar' syndrome—the ability of plants, mostly associated with the petroleum and chemical industries, to absorb huge amounts of money while producing few jobs.

Of the £4.4bn paid out in automatic grants in the 12 years between 1973 and 1984 a quarter went to the chemical industries and a third to chemicals, coal and petroleum. Scotland (BP at Sullis, Voe in the Shetlands, Esso at Moss-moran in Fife) and the North of England (ICI, Phillips on Teesside) in particular absorbed huge amounts and yet unemployment persisted at alarmingly high rates in both parts of the country. Regional policy was seen to be extremely expensive in terms of what it achieved.

Even the Labour Party, much more committed than the Con-

Sizewell inquiry told of 'betrayal' feeling in U.S.

By A Special Correspondent

PUBLIC DISTRUST of nuclear power and those who promote it has become a permanent phenomenon in the U.S. as a result of the Three Mile Island accident. Mr Stephen Reed, the Mayor of Harrisburg, has told the Sizewell B inquiry.

He said people had been misled before and after the accident. "Out of mistakes involved, and a catalogue of human error and deception had been revealed."

Throughout many parts of the U.S. there was a deep-rooted sense of betrayal and resentment about the nuclear industry.

Mr Reed was a witness for local parish councils who are opposing plans for a pressurised water reactor power station, the same type as that involved in the Three Mile Island accident.

Lord Silcock, leading counsel for the Central Electricity Generating Board, suggested that UK safety watchdogs had more independence and that risk studies presented to the industry had concluded that the chance of a big accident was almost negligible.

Manufacturing is a declining factor in the British economy. In 1983 it accounted for 27.1 per cent of total employees. In June 1983 its share was 26.5 per cent.

Even in those parts of the country where manufacturing is still most heavily concentrated—the West Midlands, Yorkshire, the North-west, North-east, Central Scotland and South Wales—its relative share has declined, sometimes dramatically.

Only a little over a third of the West Midlands' workforce is in manufacturing compared with more than half in 1963. Half is in service industries. The area that, according to Joseph Chamberlain a century ago, produced everything from a pin to a pair of a battleship, now produces paper, a battleship, now produces paper.

Between 1969 and 1979, according to studies carried out at Cambridge, regional policy was responsible for the creation of 13,000 jobs a year. The much reduced money available in the geographically reduced assisted areas will not bring back those halcyon days.

Steel calls for Trident to be abandoned

By Margaret van Hattem

MR DAVID STEEL, the Liberal leader, last night called on the Government to abandon the Trident missile programme, which he called "the albatross around Mrs Thatcher's neck."

Speaking at a meeting of the Borden Nuclear Freeze Council in Galashiels, he said Trident was too expensive. It crowded out other essential defence spending and it would not serve Britain's defence needs.

Since Trident was ordered, a proportion of the work to place in the UK had dropped from 70 per cent to less than 50 per cent.

Proposal for consortium to make computers in China

BY GUY DE JONQUIERES

THE FOUNDER of a small British personal computer company is seeking to form a consortium of UK companies to take part in a project to make microcomputers and electronic components in China.

Mr Mark Potts, managing director of London-based Rair, said yesterday he had signed a deal with authorities in Guangdong Province, South China, to set up a joint-venture electronics manufacturing company in Guangzhou (Canton).

Ferranti, a leading UK electronics company, has talked to Mr Potts and to the Guangdong authorities about providing microchip technology for the project. Ferranti, however, has not decided whether to proceed.

Mr Potts said he was talking to several other industrial companies, which he did not name, and was seeking to raise funding from prospective investors in Britain and Hong Kong. He had received no firm commitments but hoped to reach agreements before the end of the year.

Talks to set up the joint-venture company, China Ling Lang Microelectronics and Computer (China Micro), were conducted with the aid of an unnamed intermediary in Hong Kong.

STC to cut Belfast workforce by 230

BY OUR BELFAST CORRESPONDENT

STANDARD TELEPHONES AND Cables, the telecommunications group, is to axe 230 jobs next year at its Belfast factory, which employs 1,640.

The cut largely affects employees involved in the manufacture of TXE4A telephone main exchanges for British Telecom. Production is being reduced in line with a phasing-out of this semi-automatic exchange, by 1988. The move follows a cut of 375 jobs at Belfast this year.

It has prompted Dr Rhodes Boyson, the Northern Ireland Industry Minister, to seek a meeting with STC about its long-term plans for the plant.

He said yesterday that the Government would try to persuade the company to introduce more products and keep staffing at the highest level. The cut was regrettable, but must be accepted for business reasons.

STC had to keep the operation competitive or there could be a danger to the plant.

The company said it had notified the unions of its plans for a reduction during 1985 following a review of the likely workload for next year.

STC's problems lie mainly with the new generation of fully-automatic telephone exchanges. It had offered ITT's System 12 exchange to BT, but it has not been shortlisted and STC will not make it in Belfast.

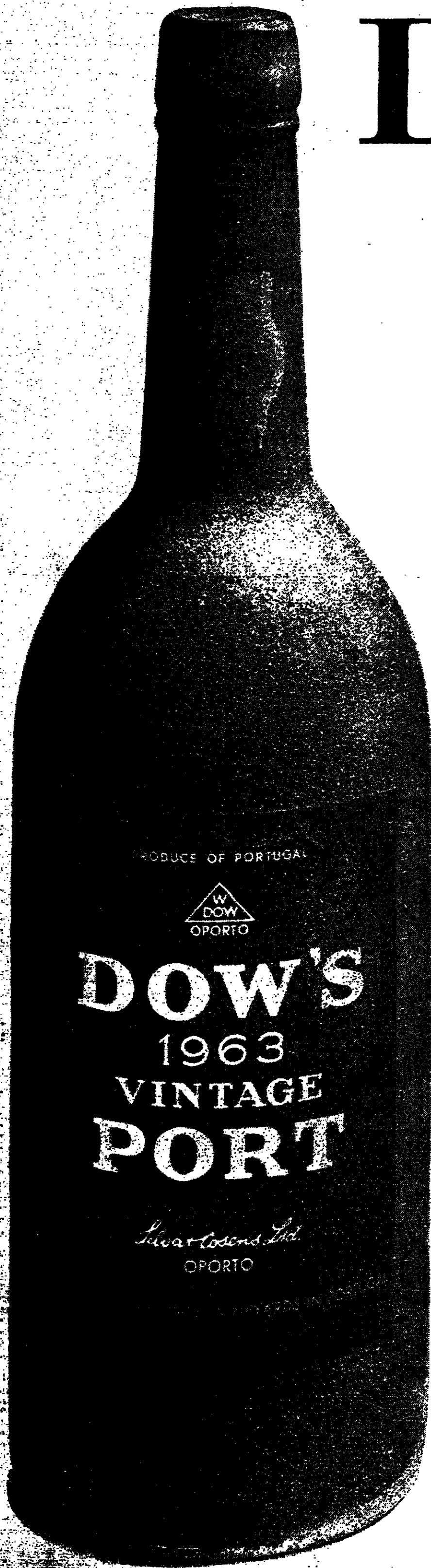
Future orders from BT to update the TXE4A exchange may not live up to forecasts. STC said the reduced volume of telephone switching equipment was a big reason for the cut.

Advertisement for Egoli Consolidated Mines Limited ("Egoli"). Includes directors: J M R Berado (Chairman), D M Grant-Hodge, P B Gain, A G Netto, J N Sharland. Alternate directors: H A McNeil, A C Nash, G M Fanska. Announcement to shareholders regarding the 1984 annual financial statements and a proposed rights issue.

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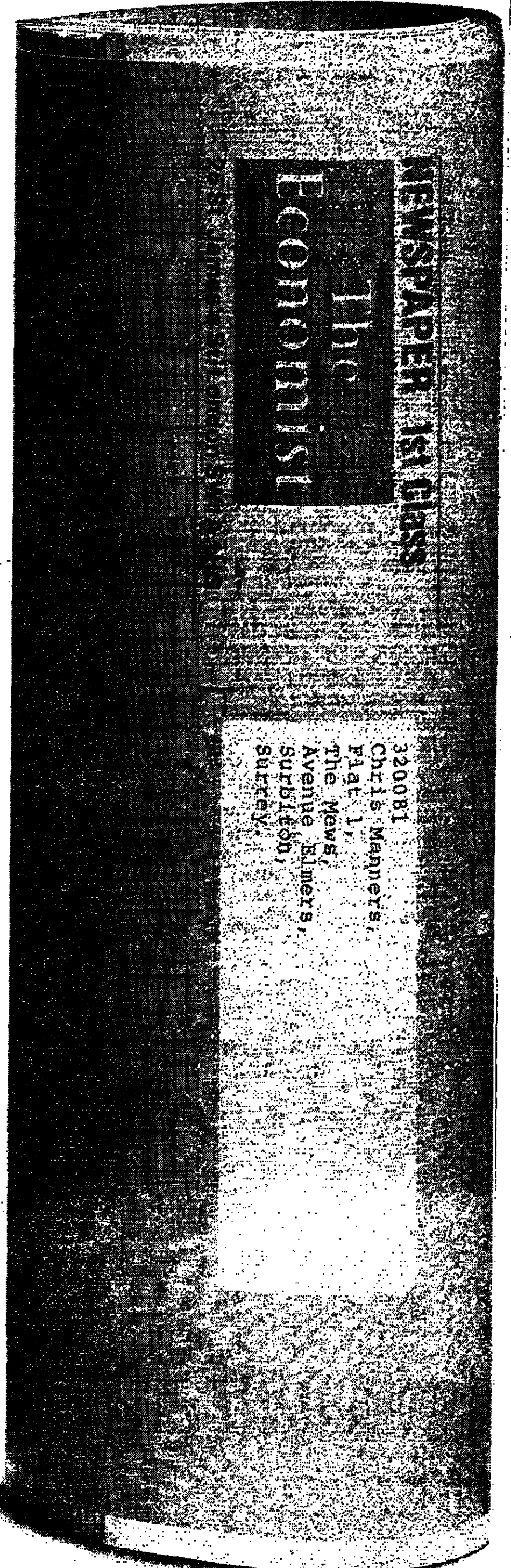
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UK NEWS-LABOUR

Drift back to work slows to a trickle

By JOHN LLOYD, INDUSTRIAL EDITOR

THE DRIFT back to work in the pits strike has all but slowed to the moderate trickle it was before the National Coal Board held out the promise of a more-than-£500 a week's pay packet before Christmas.

It seems clear that before the return resumes a credible rate there must be either financial incentives or a general recognition of the strike's hopelessness.

Only Scotland continues to offer the financial package before the New Year's holidays. It has shown the largest return to work over the week and seen its proportion of miners at work rise from 17 per cent to 22 per cent. Many of these returns were at Bilston Glen, the area's biggest pit.

At the other end of the scale the small Kent coalfield has actually shown a drop in the numbers working, though the figures are tiny. In South Wales, too, the numbers rise by one or two returns a day. Both areas are traditionally militant at grass roots and leader level. They are likely to be the last to break.

Elsewhere the picture varies. The North East continues to see a significant number of new faces. It points to a rise of about 3,000 over the past three weeks, from a handful at the start of the month.

Yorkshire is in much the same position. North Derbyshire has nearly half its workforce back. It is now, however, encountering a solid core of activists. The same is true in the Western area, though the proportion of those at work is higher.

In all these areas Coal Board officials report an upsurge in violence and intimidation, now often directed at homes of working miners and at their families.

These tactics are said to be having effect. Board officials also believe the rate is slowing because of the prospects of talks held out by the TUC.

The board's private conclusions are that they will be lucky to see more than 5,000 new faces before Christmas but that New Year may stimulate a return to work.

WORKING MINERS IN NCB AREAS on November 30 1984

Area	"New faces"	Total at work	Total miners*	Per cent working on Nov 23	Per cent working on Nov 23
Scotland	38	2,223	10,000	22	17
North east	32	3,255	20,200	15	13
Yorkshire	14	2,752†	53,000	5.2	4.7
Western	8	11,078†	14,000	79	78
S. Wales	1	117	19,600	0.6	0.6
Midlands					
N. Derby	35	4,403	10,500	42	41
Kent	0	111	2,200	5	5.2

Notts, S. Derby, Leicestershire and Warwickshire fields all have 90 per cent or more miners at work.
* approx. † 3 shifts on Nov 29

Manchester Canal re-opens

THE Manchester Ship Canal has reopened to traffic after being shut for 48 hours by a strike sparked by the miners' dispute.

Lock gatekeepers at the main entrance to the canal at Eastham walked out, leaving the gates locked, after claiming that a tanker carrying oil for power stations had passed through and discharged its cargo.

The keepers have been observing the TUC's blockade of the miners. They maintained that the management persuaded them to let the tanker through the gates because of rough weather, and then assisted with the discharge.

The Manchester Ship Canal company would not comment on the claims or disclose details of any settlement of the two-day strike.

Meanwhile, a meeting between leaders of the National Union of Seamen and the Transport and General Workers' Union has been set for Wednesday to discuss the crewing of two ships alleged to be breaching the fuel embargo.

Striking miners condemn killing

By Our Labour Staff

THE KILLING of South Wales taxi driver Mr David Wilkie yesterday led to outspoken condemnation of his attackers from across the political spectrum and from the ranks of striking miners.

Mr Kim Howells, South Wales National Union of Mineworkers' research officer, speaking for the union, said: "We are very shocked and dismayed. We were very afraid that something like this might happen."

Mr Ted Rowlands, Labour MP for Merthyr Tydfil and a shadow energy spokesman, said: "It was a mindless and wicked act." The Archbishop of Cardiff, the Most Rev John Ward, said the incident "shames us here in Wales."

Mr Wilkie, aged 35, was the father of two young children by his estranged common-law wife. His girlfriend, who lived with him in the village of Treforest, near Pontypridd, was expecting their first baby.

He worked for City Centre Cars of Cardiff, a taxi company which had a contract with the National Coal Board for seven years and which had asked for volunteers from among its drivers to take working miners to their pits.

The company said last night its drivers were determined to carry on getting miners to and from picketed collieries in spite of the tragedy.

The South Wales chief constable, Mr David East, said police would ensure passage to work for any miner wishing to report for duty. Describing the killing of Mr Wilkie, he said: "This is not industrial action. This is not picketing. This is murder."

Mr Dafydd Elis Thomas, president of Plaid Cymru, said: "I wrote yesterday to Mr Ian MacGregor because of concern at social conflicts in our valley communities and I am horrified that such a tragic incident could have occurred."

Dr David Owen, the SDP leader, called for a "gut reaction" return-to-work by striking miners in protest at the killing. He was speaking after spending 90 minutes underground with working miners at Thoresby Colliery, Nottinghamshire.

Mr Gerald Kaufman, the shadow Home Secretary, said: "I am horrified, appalled and angered by the brutal killing of this innocent man."

Nick Garnett assesses the mood in the strikebound mining village of Edlington.

Spirit of resignation in S. Yorkshire

"BAA, BAA, black sheep have you any wool?"

"Yes sir, yes sir, Three bags full." Some of them chanting nursery rhymes, the children returning home from Victoria School in the South Yorkshire village of Edlington look very much like any other group of youngsters.

Clutching their colouring books, they leave the drawings of glow-worms and snails on the walls of their classrooms as teachers clear up after the day's lessons.

At Hilltop Middle School, small boys chase a football round a field, the sleeves of their red sports shirts pulled over their hands, protection against the cool wind.

Edlington though, like so many villages on the Yorkshire coalfield, is no ordinary village and has not been for a long time. Many of these children's fathers have been on strike for nine months, very few have joined the drift back to work and the village has been the scene of two recent attacks on working miners and their property.

At Yorkshire Main colliery in the village, fewer than two dozen have gone back to work.

The dispute, as it absorbs Edlington and many other villages in the Doncaster area of the NCB's biggest coalfield, has been caught in a kind of freeze-frame, along with the suffering, bitterness, intimidation and the economic dislocation to local retailers.

"We are in danger of being a forgotten strike," one picket says, aware that the prospects of power cuts has all but disappeared, but speaking from the area that has provided the manpower to spearhead most of the mass picketing.

The possibility of a full-blooded miners' victory might have virtually vanished, but the continuing consequences of the dispute for Yorkshire are only too real.

Out of 53,000 NUM members, more than 30,000 are still on strike. Nine coal faces have been lost, equipment abandoned or partly abandoned at six others and eight more are in a similar condition.

Falling the dispute in South Yorkshire has cost £32m. Half the domestic ratepayers in Barnsley are eligible for housing rebates. The carefully nurtured community policing of the 1970s has been brutally elbowed aside by the mass disturbances in Goldthorpe and Grimthorpe, Asker, Armthorpe and Edlington itself.

Few miners speak of power cuts. Some talk about defeat, though often in an oblique way. Even Mr Jack Taylor, the union's Yorkshire area president, broaches the subject.

"The miners have been tremendous. Even if we lost, and I don't think we will, and they were sent back to work with their tails between their

legs, the Government wouldn't be able to mine coal."

There are a lot of people on the streets — but talk in the shops is subdued. Many miners, who perhaps want to return to work, are just sitting at home watching television.

A new date — January — has been mentally scribbled into people's calendars unless the dispute is resolved before then.

"The return to work is tailing off and they are getting a fillip from the preparations for Christmas," says one local coal board official. "But in the New Year they will be starting at something different and will have to ask themselves how long are they going to continue."

Christmas is certainly in the air. Collections have been running since September. At the Goldthorpe Arms, opposite Goldthorpe pit, notices of a jumble sale in aid of a Christmas party for the children of striking miners are pinned on the wall.

"Toys are needed for our miners' children. Please bring them to the Methodist chapel," one poster says. Scott's corner jewellery shop and Brown's bakery are festooned with foil decorations and tinsel.

Three conflicting features seem to be jostling for position in these villages. One is a kind of torpor which hangs over the mining communities. The pickets at Yorkshire Main, chopping up beech branches for the

brazier, are quiet and just six in number.

There are a lot of people on the streets — but talk in the shops is subdued. Many miners, who perhaps want to return to work, are just sitting at home watching television.

Secondly, and in stark contrast, the mass disturbances in October and earlier this month and the small number of individual attacks on miners have given a sharper edge to raw emotions. The frustrations are expressed openly by non-working and working miners. The local branch president, Mr David Windle, says bluntly of one working miner struck this week by a brick: "That man has got money to spend because he ratted on his own kind. That lad had got that life to suffer for ever," and I mean for ever.

At the other end of the spectrum Mr Derek Lill, a working miner at Kellingley in the North police in his own home because Yorkshire area, has to have of threats of violence to his family.

Finally much of the life in the community continues as best it can with displays of remarkable economic resilience.

The police station at Asker is bonded up for protection and the Red Lion pub continues to run its pool handicap. The people of Armthorpe chew over the mini-insurrection which afflicted their village but the Mr Softee ice-cream vans still cruise the housing estates.

The local Austin Rover dealer, proudly presenting a 1985 two-litre MG, stays open for business.

Many striking miners have been doing building work in the black economy, but deprivation is, obviously, very real.

"A lot of people are beating a path to my door," says the Rev Nicholas Jowett, the vicar of Brampton. "A lot of people have lost sight of life getting better."

Much of the strike's emotional energy has centred in Yorkshire because this is where the dispute started over Eartonwood, and also because of the nearness of the working Midlands coalfields, the local influence of Mr Arthur Scargill and the politicisation over the past 15 years of union branch officials.

Much of it has been further concentrated in the Doncaster area which has a far more militant recent past than the three other areas of North Yorkshire, South Yorkshire and Barnsley.

Mr Windle says mass picketing should continue and the strike co-ordinating committee still meets every day at the NUM's Yorkshire area office in Barnsley to pass on the latest sets of picketing plans to the union panels in each of the four areas.

But uncertainty, fatalism and depression are in abundance. "The spirit of our miners has been tremendous," says Mr Taylor. "But there's not one person who would not feel relief if the dispute was over."

NCB supplying 950,000 tonnes of coal a week

By DAVID GOODHART, LABOUR STAFF

THE NATIONAL Coal Board is supplying customers — primarily the Central Electricity Generating Board — at the rate of about 950,000 tonnes of coal a week, an increase from 740,000 tonnes in early September. In normal times the figure would be about 2.5m tonnes with 2.2m deep-mined and 290,000 open-cast.

In spite of the recent return to work and the NCB figures of 46 pits working "normally" and 18 turning some coal, the increase in coal supplies has come largely through more stockpiled coal being moved.

Production figures are difficult to compare because levels fluctuate significantly depending on the time of year, number

of pits on holiday and the amount of maintenance work being done.

But the amount of fresh coal being cut has picked up only slowly in the past six weeks and is still zero or little more throughout Yorkshire, the North-east and South Wales.

According to the NCB, the total level of deep-mined coal at the end of last week stood at 586,000 tonnes; it may now have touched 600,000. Back on September 15 it stood at 526,000. The increase has come mostly from the new working pits in Scotland, North Derbyshire and Lancashire.

On the week ending November 17 — the latest for which analysed figures are available —

Scotland, North Derbyshire and North Yorkshire 21,000 and the Western area (including Lancashire) 103,000.

That compares with early May figures of 6,000, zero, 6,000, and 60,000. At that time the national deep-mined production stood at 424,000 which was only a shade above what it has been from the very start of the strike, due to near normal production (outside the overtime ban) from north and south Nottinghamshire.

Newly-produced coal dropped back from about 450,000 tonnes in early June to weekly figures as low as 100,000 tonnes during July and August because of holidays. It has since been climbing slowly.

The NUM argues that few pits are working anything like normally because of the continuing absence of "key" workers even in pits where they acknowledge large numbers are working.

The NCB said yesterday that limited production can usually begin when between 40 and 70 men return. The board accepts that without any winding engineers or coal-cutting machine drivers production is impossible — but says it has been rare to face that problem.

The NCB also says that many men who, before the strike were working on development seams rather than production faces, usually have the right training to be moved over to face-work.

Even though production in many pits does remain very low it is of symbolic importance to the NCB that they can persuade men that if they return they will actually be doing useful work.

The overtime ban — which before the strike was responsible for knocking nearly 500,000 tonnes a week of the 2m tonnes plus total — is still having a significant effect. The combined output in Notts, for example, was 435,426 tonnes in October 1983 over the overtime ban and now stands at 353,763 tonnes.

The major increase in the movement of both stockpiled and open cast coal is now coming mainly in the Western area and the Midlands.

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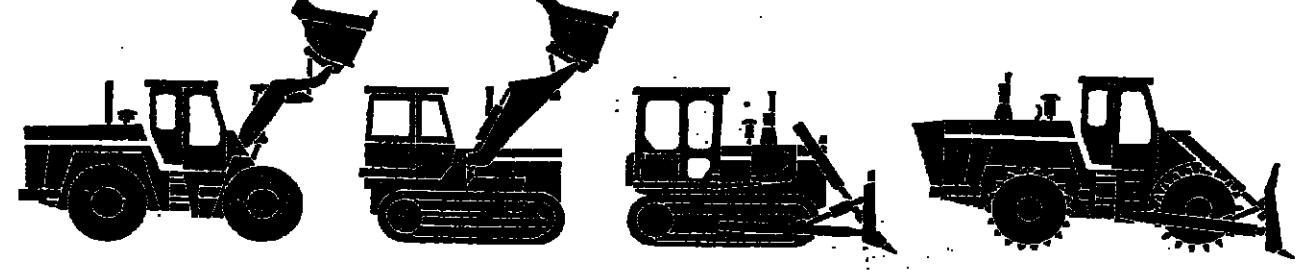
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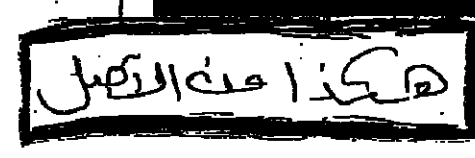
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Tass escapes fine for contempt

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TASS, the white-collar section of the engineering union, has escaped being penalised by the High Court for disobeying an order to call off the strike by its members at Austin Rover.

Mr Justice Hodgson said yesterday that, despite the arguments put forward by Tass, the technical, administrative and supervisory section of the union had come to the conclusion that the union was in contempt of court.

However, he did not think the court need mark the contempt by imposing any penalty.

"I do not think the contempt was a serious one. Had the union taken legal advice earlier, it might have fallen into line with other unions and taken sufficiently vigorous steps to distance itself from this sort of industrial action, so as not to be in contempt," he said.

Earlier this week the judge fined the Transport and General

Workers' Union £200,000 for its contempt in disobeying orders made on November 6 against six unions with members at Austin Rover's 14 plants.

Unlike the TGWU, Tass and the other unions instructed lawyers and defended the case in court. The TGWU was the only one to be penalised.

Justice Hodgson said that although Austin Rover had agreed that the injunction against Tass should be discharged, the order had been in force against the union between November 6 and 26.

It was clear in law that the discharge of the order, on whatever ground, could not retrospectively free Tass from its duty to obey it while it was operative.

Tass argued that the order had been insufficiently specific about what "instructions, directions or decisions" relating to the strike the union had to

withdraw or cancel.

It contended that the Austin Rover strike had been called not by Tass itself, but by the union side of the joint negotiating committee at Austin Rover and that there was, therefore, nothing for Tass to withdraw.

That argument was not relevant, the judge said, though, if it had been put forward originally, the injunction might not have been made.

Nor did the judge accept Tass's criticism of the terms of the order. What it required Tass to do was both discernible and obvious, he said.

Mr Ken Gill, Tass's general secretary, had, the judge thought, taken the view that the order ought never to have been made against Tass and therefore need not be obeyed.

This could not excuse it from complying with the order, the judge said. Tass was in contempt.

Talks to re-open in bid to settle docks row

By Andrew Fisher, Shipping Correspondent

FURTHER TALKS will be held next Tuesday between management and unions at the port of Southampton in an attempt to end the dispute which has kept container terminals idle for six weeks.

The port also hopes to hear from the National Dock Labour Board whether its proposals to ask for another 190 voluntary severances from local dockers have been approved.

About 160 have already opted to go, along with more than 300 from the non-docker workforce. With the container facilities idle, there has been work for only about a third of the remaining 920 dockers.

The dispute began when talks over new shift and manning arrangements failed to reach agreement by the October 20 deadline set by the port, which wants to make savings of up to £9m and reduce charges to shippers.

Since then, in the absence of a new shift agreement, men have simply been clocking on for a standard 8 am to 4 pm day, with most going home with a weekly wage of £123, half the usual earnings through overtime and shift premiums.

The unions have offered cost savings which they put at £5m, but the management claims is much less. This week, the unions withdrew their cost proposals in what the management saw as an attempt to have talks restarted.

The unions have also given four weeks' notice (to December 7) of their intention to stop applying the Blue Book, which regulates working practices throughout the port. During the stoppage, container ships have called at other ports. The rest of the port has been working normally.

A mass meeting of 3,500 shipyard workers at Yarrow's, the warship-building yard on the Clyde, voted by a 3-1 majority yesterday to end a week-long strike.

The men rejected a recommendation by shop stewards that the strike should continue. Hourly-paid workers at the Scotstoun shipyard in Glasgow began the dispute last Friday over a reduction in washing-up times. An electrician was dismissed for refusing to accept the new arrangements.

Shop stewards said they were disappointed at the decision to return.

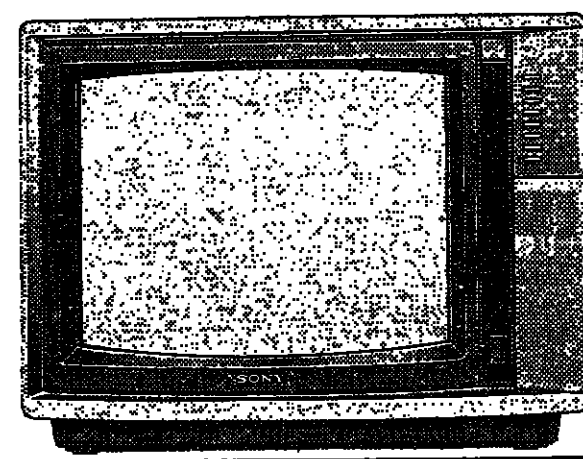
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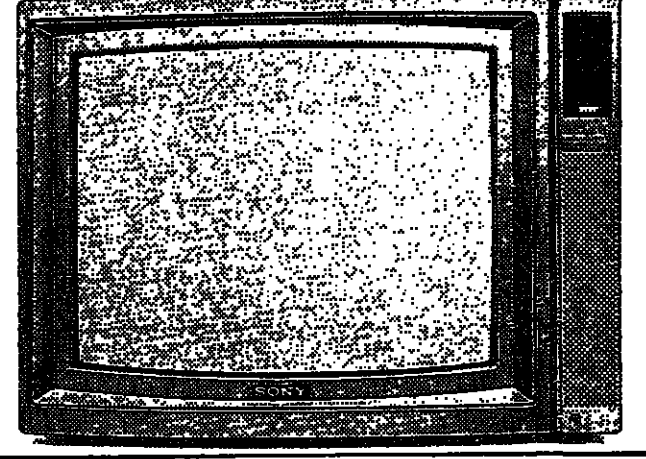
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Social security strikers vote to stay out

BY DAVID BRINDLE, LABOUR STAFF

STRIKERS at the social security computer centres at Newcastle upon Tyne and nearby Washington have voted to continue their 29-week-old action over changes in shift payments.

The Department of Health and Social Security says 350 members of the Civil and Public Services Association remain on strike. About 50 members of two other unions accepted a peace formula and returned to work this week.

The strikers want the CPSA's national executive, which meets next week, to plan support action by other union members. But the prospects of this happening seem slim.

Previous proposals to escalate the dispute—by calling a strike at computer centres at Reading and Livingston, and by calling selective strikes in benefit offices—have foundered, either through lack of support or because of deadlock on the executive.

Mrs Doreen Purvis, secretary of the Newcastle central CPSA branch, said the executive would be urged "fairly forcibly" to revive the plan for strikes at Reading and Livingston.

Workers at these two centres, which control unemployment benefit payments, have previously voted to take action. If they did strike, they would add

considerably to the disruption the dispute is causing to the payment of pensions and child benefit.

However, CPSA leaders—many of whom believe the strikers should have accepted the peace formula—remain pessimistic about the chances of escalation.

As if to highlight the isolation of the strikers, other CPSA members at Washington this week effectively disowned the dispute. It is believed the 1,000-strong meeting voted overwhelmingly against walking out in support of the strikers and also rejected a motion expressing support for them.

Giro staff plan action

BY DAVID GOODHART, LABOUR STAFF

THE 1,000 members of the Post Office Engineering Union employed at National Girobank are due to start industrial action next Tuesday.

Intensive negotiations, however, are expected to continue over the next few days on the disputed annual pay and conditions claim.

The union is continuing to reject several regarding measures Girobank wants to implement in exchange for a 5.25 per cent rise.

The 5,000 members of the Civil and Public Services Association recently accepted a 5.25 per cent offer without conditions

but action by the POEU members could still seriously disrupt the bank's operations.

British Telecom moves to change the terms of a flexi-time working agreement with clerical workers caused industrial action in the week at several offices. BT wants to extend the early evening period when customers can contact BT from 5 pm to 5.30 pm.

The management is likely to try to extend periods of core working times in the mornings and afternoons, and may seek an agreement on Saturday work-

Knitwear workers win 5% pay rise

ABOUT 50,000 knitwear workers have won a 5 per cent pay rise and a reduction in the working week from 40 to 39 hours after lengthy negotiations between the Knitting Industries Federation and the National Union of Hosiery and Knitwear Workers.

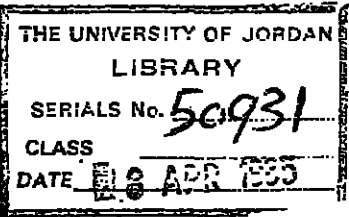
Mr David Lambert, the general president of the union, said: "We consider this to be a realistic settlement. We welcome the establishment of a joint committee to examine the introduction of a minimum wage

at Yarrow's, the warship-building yard on the Clyde, voted by a 3-1 majority yesterday to end a week-long strike.

The men rejected a recommendation by shop stewards that the strike should continue. Hourly-paid workers at the Scotstoun shipyard in Glasgow began the dispute last Friday over a reduction in washing-up times. An electrician was dismissed for refusing to accept the new arrangements.

Shop stewards said they were disappointed at the decision to return.

دار المال الإسلامي القابضة DAR AL-MAAL AL-ISLAMI TRUST Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN to bearers and owners of Equity Participation Certificates of DAR AL-MAAL AL-ISLAMI TRUST, that the Third Annual General Meeting of the above Trust will take place at Sheraton Hotel in Istanbul, Turkey, on Rabia 1, 20, 1405 H corresponding to Thursday 13 December 1984 at 10 a.m. for the purpose of considering the matters in the following Agenda:

- To receive the Chairman's statement and the Report of the Board of Supervisors.
- To receive the Report of Religious Board.
- To receive the consolidated audited Financial Statements of Dar Al-Maal Al-Islami Trust for the financial year ended June 30th, 1984 and the Report of the Auditors thereon.
- To elect the Auditors for the next fiscal year.
- To re-elect the outgoing members of the Board of Supervisors or to elect any replacement members.
- Any other business.

Mohamed Al Faisal Al Saoud
Chairman of the Board of Supervisors

Note:
1. In accordance with Article VIII, paragraph 5 of the Indenture of Trust, only Muslim individuals or legal entities controlled by Muslim individuals or Governments shall be entitled to exercise voting rights as bearers or owners of Equity Participation Certificates and the Board of Supervisors shall have the power to require an attestation of such from each person voting at the Annual General Meeting as a bearer or owner of Equity Participation Certificates or granting or exercising a proxy for such a bearer or owner. In the event that the Board of Supervisors has reasonable cause to believe that any such attestation is false, the Board of Supervisors may require such bearer or owner, or proxy to furnish reasonable proof.

2. Display of an Equity Participation Certificate at the Annual General Meeting or of a signed attestation from a bank or one of the offices of any entities within Dar Al-Maal Al-Islami Trust Group certifying that the bearer's or owner's Certificates are all held in safe custody with the bank or such DMI office shall entitle the bearer or the owner thereof to a number of votes equal to the number of Participations represented by each Certificate. A bearer or an owner entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy, by way of proxy form with the under-mentioned text, to attend and vote on his behalf, but a bearer or an owner appointing a proxy must hand to the proxy temporarily all his Equity Participation Certificates or, in their stead, the above-mentioned attestation from a bank or office together with the proxy form so that the proxy may present the Certificates or the attestations and the form at the Annual General Meeting. A proxy who does not present both such Certificates or the said attestation and the proxy form will not be entitled to vote.

3. Subscribers to the Private and Rights Issues of DMI Equity Participations in 1984 will have the right to attend and vote, according to the relevant provisions of the Indenture, in this Annual General Meeting of bearers and owners of DMI Trust Equity Participations. Subscribers who have not yet received their registered Certificates by the time of this Annual General Meeting will be entitled to attend and vote at this Annual General Meeting by presenting the subscription form or confirmation of subscription or instalment forms showing the number of participations for which they have fully paid.

4. This is to inform bearers and owners of equity participations of Dar Al-Maal Al-Islami Trust in accordance with provisions of the Indenture of DMI Trust, the Fiduciary Custodian of the DMI Trust had sought, by means of a letter dated April 19, 1984, clarifications and definitions of certain terms used in the Indenture, which clarifications and definitions were reviewed and approved by the Board of Supervisors of DMI Trust by a letter dated April 27, 1984.

Proxy
KNOW ALL MEN BY THESE PRESENTS that I, _____ in my capacity as a Muslim bearer or (owner) of _____ Equity Participation Certificates representing _____ Equity Participations in Dar Al-Maal Al-Islami Trust and as such entitled to _____ votes, HEREBY APPOINT _____ to be my proxy to attend and vote on my behalf at the Annual General Meeting of Dar Al-Maal Al-Islami Trust to be held in Istanbul on December 13, 1984 and at any adjournment thereof. For such purpose, I will hand temporarily all the above mentioned Equity Participation Certificates to my above appointed proxy together with this signed form, but with the sole objective that he or she may present them at the said Annual General Meeting on my behalf and the said proxy will sign a copy of this form as proof of receipt from me of the said Certificates and shall have the moral and legal obligation, sanctioned by legal action in the event of default, to return intact to me all the said Certificates after the Annual General Meeting shall have taken place.

IN WITNESS WHEREOF, I have hereunto affixed my signature this _____ 1984
signature of bearer (or owner)

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THE WEEK IN THE MARKETS

The City hangs on for Telecom

LONDON
ONLOOKER

It would be hard to imagine a better prelude to the start of dealings in British Telecom. Buoyed by the news that the issue has been comfortably oversubscribed, the market took the Financial Times Ordinary Index to a new peak of 929.2 on Wednesday. Then it gently eased back as investors prepared for next week's action.

With so much money committed to BT, trading was generally thin. Buyers concentrated on chasing blue chip shares, particularly those like Glaxo which have been popular with the Americans.

Much of the market action was focused upon the current take-over battles—there is apparent deadlock between the three bidders in the fray for the London off-licence chain. Cullens and East Lancashire Paper is battling to fight off the attentions of British Syphon, with

GM Firth lurking in the background. Meanwhile, Dixons has pulled off a corporate coup landing Currys.

Gold shares tumbled as gold reached its lowest level since mid-1982, and oils drifted down again in the belief that producers either cannot or will not maintain prices.

Glaxo had a dreary week, dragged down by the fall in sterling. Indeed among the most exciting performers were Chinese bonds, like the 1898 4 1/2 per cent, which perked up on reports that the Communist government would honour old debts.

Beecham sparkles

Beecham Group this week gave shareholders a welcome tonic with interim results which were rather better than had been anticipated.

But it is a measure of how little investors were expecting that a 12 per cent increase in pre-tax profits to £122.8m for the period to the end of September should have raised the share price as much as it did—especially as the advance is

magnified by the full benefit of last year's £200m rights issue. Moreover, a higher tax charge, boosted by unrelieved Advance Corporation Tax, brought a cut in earnings per share from 11.13p to 11.06p.

The trading performance is a story of two contrasting halves, with consumer products making all the running while pharmaceuticals virtually stood still. However, there were enough encouraging signs in the figures, pointing towards full-year profits of £315m, to justify a multiple of almost 13, assuming a 44 per cent tax charge.

In consumer products, the brightest news is that the company's Beecham has recently acquired to build up its home improvement business around UHU glue are meeting expectations.

More generally, vigorous marketing has generated growth in the U.K., the U.S. and Continental Europe, particularly in the recognised cosmetics companies.

Beecham's difficulties lie in revitalising its pharmaceuticals business in the face of tough conditions in at least three

countries: the UK and Japan, where governments have imposed drug price cuts, and Nigeria.

Much depends on the success in the U.S. of the new antibiotic Augmentin, which seems to have had an auspicious launch in September, and of the new arthritis drug Relifen, which is awaiting clearance in the UK.

Equally important will be the success of the new chairman, Mr Ronald Halstead, in bringing to pharmaceuticals the marketing skills he applied so well in his previous post in consumer products.

Courtaulds cops

Courtaulds was bound to feel the effect of the cyclical downturn in fibres which was first detected earlier this year.

But what is remarkable about the group's figures for the six months to the end of September is the degree to which the damage has been mitigated.

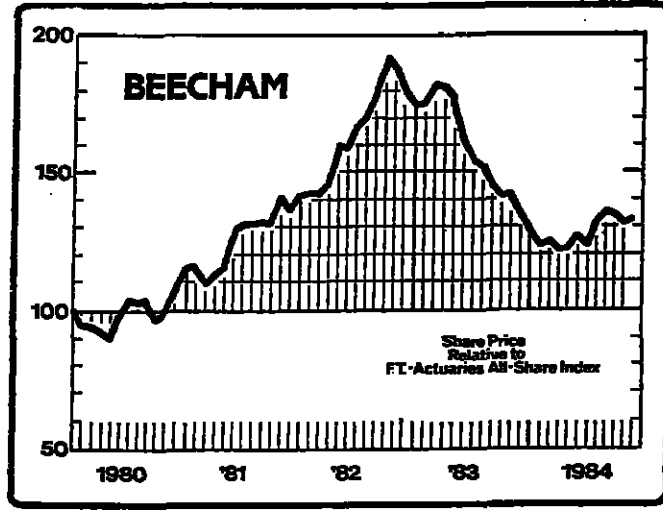
Group pre-tax profits were up £6.6m to £54.3m, on sales ahead from £97.4m to £1.04bn, roughly in line with City expectations.

Operating profits in the fibres division fell by 10 per cent from £30.8m to £27.6m, but this decline pales in comparison with the violent plunges in profitability experienced before the restructuring of the past few years.

The painfully restructured division is now being tested in adverse conditions. But all the signs are that this cyclical downturn will not be as severe as the last and could well have reached its bottom before next summer.

Profits were ahead in all other parts of the group except BCL, which makes plastic film, where Courtaulds is investing heavily in new plant. The fabrics companies performed particularly strongly, buoyed by demand from the major customer Marks and Spencer.

For the full year, City forecasts have been reduced to about £125m pre-tax, which, on a 42 per cent tax charge, puts the shares on a multiple of under 5.



Under the shadow of the taxman

NEW YORK
TERRY DODSWORTH

THERE IS nothing Wall Street luminaries like more than to deliver superior economic lectures to Washington on the dangers of deficits and the like. Over the past year, the politicians have been barraged by lofty sermons from New York on the need for higher taxes.

But down on the trading floors, the sight of government lumbering slowly into action to respond to some of these ideas has hardly been greeted with wild-eyed enthusiasm. All it means at the hard end of the securities business is uncertainty.

As a result, a week in which the headlines have been dominated by the Treasury's proposals for sweeping tax reform, has also turned out to be a week of morose share price behaviour.

On Tuesday, the day they lan was announced, the Dow Jones Industrial Average advanced by almost 8 points, taking heart from the quite reasonable argument that the fat tax proposals are only the first tentative thrust in a long battle that will produce plenty of alternative strategies and skirmishes.

But then the Dow slipped into a steady slide, on the equally reasonable view that, if you have no idea what the final outcome will be, it is more extremely difficult to make any rational investment judgment.

Even the discussion of the fat tax proposals themselves has been confused. They are the kind of suggestions that most people find satisfactory for the cheap next door, but rarely for themselves. They are appealing to many economists because they are clean and neat and look intellectually consistent. Yet, as the initial reaction showed, they offend many of the pressure groups that have a powerful presence in Washington.

As far as the equity market is concerned, one of the odd points about the Treasury plan is that it would increase the overall tax take from the corporate sector. This is not easy for business to stomach, since it has always felt that it had a real friend in the white house at present, and one that it had supported royally during the re-election campaign.

Not only that, but the administration is generally attributed with having breathed new life into corporate profits through the highly favourable tax concessions on investment introduced three years ago; these would now go in the interests of tax simplification.

About the only sector where analysts saw a generally beneficial effect from a flat tax was in high technology industry. Unlike corporations spending heavily on plant and equipment, and therefore able to claim investment allowances, high technology companies' heaviest expenditure is often in people. Their effective tax rate has therefore tended to be higher. Under the new proposals, they would be put on an equal footing.

Investors' scepticism about the Treasury plan, however, was amply demonstrated by their lukewarm attitude to high technology stocks this week. Indeed, shares in IBM were much more affected by a report that one of the big investment management firms does not hold the stock because it feels that the group operates in far too competitive a market: the shares fell \$1 1/2 to \$122 following the report.

The argument over tax reform

is also feeding the stock market with another, more subtle depressant. It highlights the general problems the economy has run into from the stimulative budget deficit and the 1981 tax cuts, two of the main economic policy initiatives by the Reagan administration, and both items which are generally attributed with a leading role in the economic boom.

The general consensus on Wall Street, uniting both the pundits and the floor traders, is that this approach cannot go on indefinitely, since the deficit is funded so heavily by overseas capital. But the market also sees no easy way out, as the goings on in Washington this week clearly testified.

Hence equities continue to be edgy about the prospects for future profits, even though the rapid fall in interest rates ought by rights to be setting the scene for some recovery in stock prices.

The dividend yield on industrial stocks is now standing at around 4.80 per cent against a government long bond at around 11.30 per cent. At the beginning of August, when equity prices were around the same level, the yield on industrials amounted to 4.70 per cent, against a much higher 12.94 per cent on the long-dated treasury.

Some of the damaging effects of present policies on the corporate sector were demonstrated again this week in two heavy equipment sectors where American companies have dominated the world market for decades.

Both the proposed takeover of International Harvester's agricultural machinery division by Tenneco, and Caterpillar Tractor's decision to cut even deeper into its U.S. operations, highlight yet again the problems the high dollar is giving American exporters.

In the case of agricultural equipment, the need for capacity reductions has arisen because U.S. farmers find it more difficult to export produce because of the strong dollar — for Caterpillar, the currency poses similar export difficulties, along with pricing dilemmas in the home market, where it faces increasing competition from cheaper imports.

While these companies were talking the need for capacity reductions, equities were also faced with further signs of a softening in the economy. After last week's discount rate cut, bank prime rates have notched down this week in two main steps, first from 11.75 per cent to 11.50 per cent, and then by a further 0.25 per cent by the end of the week, there were even some small regional banks posting an 11 per cent rate.

This rapid change in the interest rate structure has at least given Wall Street a little excitement over shares in the financial sector. Some brokerage houses, PaineWebber in particular, have been pushing banking and other financial stocks quite hard in recent weeks on the grounds that their cost of funds has been declining more quickly than the rates they charge to borrowers.

Savings and loans companies, for example, outperformed the market by almost 10 per cent last month, and in spite of the increase in their share prices, PaineWebber says the financials still remain the most attractive major stock group.

MARKET HIGHLIGHTS OF THE WEEK					
	Price	Change	1984	1984	
	1/2 day	on week	High	Low	
FT. Ind. Ord. Index	917.3	+ 7.0	929.2	785.3	British Telecom euphoria
Chinese 4 1/2pc 1898	223	- 7	223	27	Debt settlement hopes
BAT Inds.	312	+ 35	312	175	Sterling/dollar considerations
Beecham	377	+ 27	383	285	Interim figures please
Cable & Wireless	420	+ 50	425	270	Record interim profits
Comfort Hotels Intl.	74	+ 6	74	33 1/2	Bid from Intasun
Commercial Union	179	+ 12	231	162	Revived speculative demand
Cullens Stores A	370	+ 30	380	145	Bid battle intensifies
Dixons	434	+ 25	434	215	Currys bid situation
ICI	678	+ 24	672	526	Sterling/dollar considerations
Invent Energy	510	+ 80	510	280	Paris Basin oil expln. hopes
Johnson, Matthey	68	- 17	287	63	Adverse Press comment
Link House Publications	755	+ 170	755	410	Bid from United Newspapers
Queens Moat Houses	56	+ 6 1/2	56 1/2	32 1/2	Speculative bid hopes
Rothmans Intl. B	168	+ 23	170	112	Rally after interim results
Security Centres	170	- 65	300	170	Disappointing interim figures
Steinberg	76	- 16	147	73	Interim statement disappoints
Stewart Wrightson	454	+ 24	460	297	Dollar earnings potential
Trafalgar House	312	+ 12	318	199	Awaiting next week's results
Voilex	133	+ 18	140	97	Good interim results

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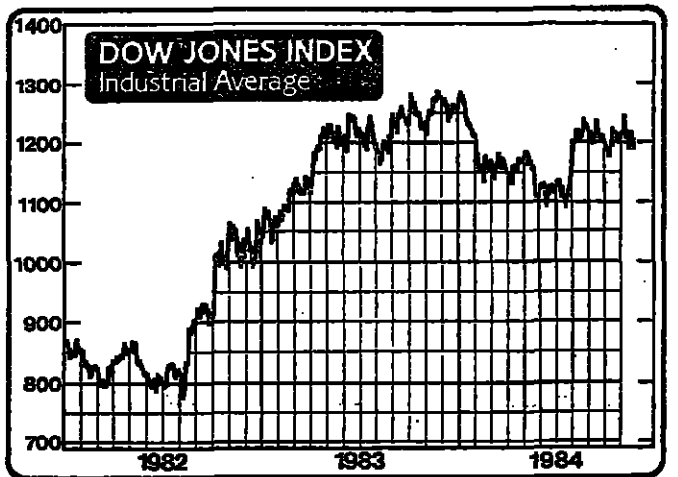
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There's life after BT

Unlisted Securities Market

ANY FEARS that the investment attention commanded by British Telecom's flotation would knock the stuffing out of the USM were dispelled last week.

While the new issue market is only just showing signs of waking up again after a three-week nap, the USM's existing constituents have been trotting along smartly, both in terms of price and share trading volume.

The USM leaders' index has just about held its own against the FT All-Share in a buoyant week for the latter, while turnover has continued to run at a significantly higher proportionate pace than on the full market.

Around £25m worth of shares changed hands on the USM last week, at which rate 45 per cent of the market's entire £2.8bn value would be turned over in a year. "It shows that the USM does have a degree of independence and resilience which is actually very welcome," says Simon Metcalf, corporate finance partner with County Bank.

After a busy start to the month, the USM saw only one company—apart from the introduction of Monument Oil, which did not market any new shares—squeeze into the new issues queue ahead of BT.

That was Access Satellite International, a maker of movable scaffolding platforms, which offered proof of a more wayward brand of independence among USM investors.

Access initially attracted widespread condemnation from financial commentators who were critical of the issue's timing and of the intimacy of the group's links with some of its most important customers.

Yet its tender offer of 3m shares at 150p was oversubscribed 23 times at the 160p striking price, and Access's

Holidays at home

The market had suspected that something might be going

Habitat-Mothercare's premium rating among retailers demands premium performance and this week's interim results for the half year to September fell just short of that category.

Admittedly, pre-tax profits at £12.8m were cash of 20 per cent, or even 26 per cent after taking out property profits.

But sales at £197m were ahead only 12 per cent—and of this, 2 per cent came from currency factors; and 4 per cent from new stores, leaving just 6 per cent from existing stores.

The group blames this partly on the warm late summer which delayed the sales of autumn and winter clothing and on the disruption caused by the refurbishment of Heat's furniture stores.

The market however is putting a slightly lower value on quality than before. Assuming full year pre-tax profits of £39m (against £30.6m) and a 36 per cent tax charge the shares change hands on a multiple of more than 20. Still a high rating but one that has fallen from its peak and may have further to go before it comes to rest. For comparison, Marks and Spencer shares trade on a prospective multiple of 17 1/2.

This happy reversal in Access's fortunes had something to do with an intensive marketing drive by its sponsoring brokers, who were busy persuading institutional investors that the group might not be as black as the financial press had painted it.

The result was that the institutions took up around 75 per cent of the shares on offer, a rather higher level of big investor support than is usual for USM tender offers.

Access brings the number of companies to have joined the USM since September to 25—the grand total is 274—a target which at that time looked more likely to be reached by Christmas.

Next in the new issues queue are Rex Williams Leisure, which provides a snooker and pool table operations service to the licensed trade, and Penny and Giles International, a maker of advanced measurement and control instrumentation.

Their market debate next month will no doubt be watched closely by other USM aspirants, keen to test the water before deciding when to launch themselves on the public.

Less dash at Habitat

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Stefan Wagstyl

"BANKING SYSTEMS"

THE BANKER — JANUARY 1985

Each month The Banker publishes an editorial section on the technology and systems which affect wholesale and retail banking. In January 1985 there will be a report within this section entitled "Banking Systems" which will examine the latest hardware and software available in this market.

The following articles will be included:—

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- March: FOREX DEALING ROOMS
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INVESTORS IN INDUSTRY

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MINING

YOUR SAVINGS AND INVESTMENTS

Long live the diamond king

BY KENNETH MARSTON

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George Graham tells the big investment tale of the week BT captures the public imagination

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The former chairman of a computer company, Donoghue is keeping his plans flexible, but if the shares open at a premium he will be very tempted to sell at least some of them...



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YOUR SAVINGS AND INVESTMENTS

Fowler proposals 'the wrong way round'

SINCE your consultative document on personal pensions was published our initial reactions have not significantly changed. We still believe that your proposals are fundamentally the wrong way round.

In our view, what is necessary is to provide new freedoms to the better-off while making sure that everybody is able to fall back on the security of the State scheme which can provide an adequate safety net. However, your proposals, reflecting political pressures and the lobby of the occupational pensions industry, take important steps in the other direction.

Everybody, including people at quite modest income levels will be permitted to contract out of the State earnings-related scheme. But higher paid employees are likely to continue to be trapped in their company schemes, because although they will have the right to opt out, they will exercise that right only at the probable cost of losing almost all the benefit of their employer's substantial contributions.

The basic State pension is at far too low a level to provide the bedrock of any system of provision for old age. Under the pension system which has now been in force for nearly seven years—and has previously been supported by both the Labour

LAST JULY, Norman Fowler issued a consultative document on personal pensions, with a request for comments from interested parties by the end of November. With apologies for missing the deadline by a day, Barry Riley and Eric Short offer their views

and Conservative Parties—the necessary second tier is provided by the State earnings-related scheme. You now wish to reduce the State's commitment to this second tier—but you leave open to debate the level of minimum contribution which would provide the necessary margin of safety. Individual pension plans inevitably carry a significant investment risk. The lower the level of contributions, the greater the danger that the plans will not deliver the hoped-for benefits, and therefore the greater the chance that large numbers of future pensioners will be forced back into dependence on the State's emergency support.

Therefore if you insist on allowing people to opt out of the earnings-related scheme, the minimum contribution level must be set on very cautious assumptions. We realise that high contributions will discourage the lower-paid from choosing this option, and that a low take-up rate would not fulfil the Government's political objectives.

You also ask for comments on who should be allowed to

offer personal pensions. You have suggested the need for cooling-off periods so that salesmen cannot hustle their clients into over-hasty decisions. But there are more important safeguards that need to be considered.

First, control over the activities of the individual salesmen seems at least as important as supervision of the various investment institutions which will manage the assets. There is already great concern within the investment industry over the level of commissions which are charged, and the problems the individual client has in receiving unbiased advice.

This leads directly on to the second question, concerning the way in which investment projections are presented. The life offices are coming under particular pressure for their reliance on obscure and potentially dangerous "bonus" assumptions. Given that pension plans can last for as long as 40 years, minor differences in assumptions about inflation and investment returns can have enormous consequences for projected benefits.

There is consequently an

overwhelming need for standardisation of presentation and control of fees and commissions. Since the appeal of such pension plans will depend so much on tax relief, it is only natural that the Government should impose strict restrictions on qualifying policies and their marketing. No doubt you will be discussing this with your Cabinet colleague Norman Tebbit, who is currently considering proposals for investor protection over a broader field.

The third question that needs to be considered concerns the range of investments which would be permissible. We believe the main objective here must be to ensure that individual pension plans are based on a reasonable spread of assets. Unit trust experience shows that "favour of the month" type funds tend to sell prolifically. But pension plans must not be allowed to bear too much specialised risk.

We would not, however, see any objection if individuals wished to run their own portfolios of securities under the

supervision of stockbrokers or other qualified advisers, again with the safeguard that provision should be made for a spreading of risk.

So much for our direct comments on personal pensions. But we would also ask you to look once again at the question of giving the higher paid a more attractive opportunity to break free from occupational schemes which, while often offering a very good deal to long-servers, can be very poor value indeed for more mobile workers.

The objective should be to permit individuals to consider a third-tier personal pension plan, on top of the existing two tiers of the State arrangements.

Your intention is that companies should not have to pay anything into the personal pension plans of opting-out individuals, apart from rebated national insurance contributions averaging 4.5 per cent. This is in spite of the fact that the actual employer's contribution averages some 12 per cent for staff schemes, and is often even higher.

But you have been over-influenced by the pleas of occupational schemes for protection. We believe that employers should be required to pay something much nearer the average contribution into their employees' personal plans.

Malcolm Gammie on the risks of not paying up How the Inland Revenue gets interest on your tax payments

IF YOU do not enjoy paying tax, the chances are that you will like paying interest on it even less. Any tax assessment will tell you when you must normally pay the tax assessed.

If you do not appeal, you must pay it as assessed. Even if you appeal, however, the whole of the tax assessed will become payable unless you also choose to postpone payment. You must have a good reason for appealing and seeking to postpone.

You might think that if you paid exactly what was demanded, no liability for interest could arise. You would be wrong. An interest charge may still arise on any additional tax that you are eventually shown to owe over and above the original demand.

Interest begins to run against you on any unpaid tax from the "reckonable date." This date may, however, only be disclosed once a complex jigsaw has been assembled, dependent on the assessment made, the action taken in response and the final outcome. There is no alternative to a careful piecing together of the various elements. The three most likely situations are as follows:—

- 1—You make no appeal: the reckonable date is that shown on the assessment as the date the tax is payable.
- 2—You appeal but do not postpone any tax: the reckonable date is that in 1 above for tax assessed. If additional tax is eventually found to be due interest will accrue on it as explained in 3 below.
- 3—You appeal and immediately postpone some or all of the tax: For tax postponed but eventually found to be owing, you need to ascertain three dates—
 - (a) the date tax actually becomes due—this will not be earlier than 30 days after the appeal is determined or the amount ceases to be postponed;
 - (b) the date specified in the legislation—known as the Table date;

(c) the date tax would have been payable had no appeal been made—the date in 1 above.

First you take the earlier of (a) and (b); the reckonable date is then the later of that earlier date and (c).

For example, tax on rent or interest received gross for 1984-85 is due on January 1, 1985 or, if later, 30 days after the assessment. The table date for such tax is July 1, 1985. If you have already received such an assessment, appealed against it and agreed to postpone tax, interest on any such tax eventually found to be due will accrue from July 1, 1985 unless your appeal is determined or the tax ceases to be

That date will not be earlier than 30 days after the amount to be postponed has been determined and the rules under (a), (b) and (c) above are then applied to the balance.

The most significant exception to these rules is employment income. No interest accrues on the late payment by an employer of amounts deducted under PAYE although a tougher attitude on collection has recently been announced.

Interest runs on Schedule V assessments only from the date the tax is eventually payable. The rate of interest is 8 per cent but is not tax deductible. So the effective gross rate of interest varies from just over 11 per cent for the basic rate taxpayer to 20 per cent for the top rate taxpayer. However, interest charges of less than £30 are normally waived.

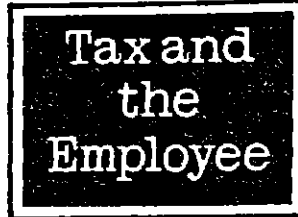
Where the risk of an interest charge on tax not yet payable exists, an alternative to a payment of tax on account may lie in the purchase of a Certificate of Tax Deposit, which can be applied in settlement of most tax liabilities.

Where it is so applied, it earns a rate of interest (9 per cent at the time of writing for deposits of less than £100,000) which is competitive with the return offered by the money market and varies frequently.

The certificate may alternatively be encashed. But then it earns a lower rate of interest, (7 per cent on such deposits). Certificates may earn interest for up to six years with the rate fixed for each certificate when it is bought and on each anniversary of purchase until used or encashed.

If later you find you have overpaid tax you may be entitled to a tax-free supplement on top of any repayment. The supplement is at the rate of 8 per cent but it does not start to run until at least one year after the end of the tax year to which the repayment relates. So an overpayment for the year 1983-84 cannot start to attract any supplement until April 6 1985 at the earliest, and it may be later depending on when the tax was paid.

[Malcolm Gammie is director of National Tax Services at Thomson McIntosh & Co/KMG.]



Pension perks for directors

every eligible person. But they are more valuable to the higher rate taxpayer and the controlling director is in a position to make maximum use of the benefits in a manner that is not usually available to the individual employee.

The first concession, applicable to all pension schemes, is that contributions paid by the individual attract tax relief at his top rate, while contributions paid by the company are allowable against Corporation Tax.

But in many cases, benefits can be enhanced if the controlling director paid the contributions himself—getting the equivalent rise in earnings—rather than the company paying the contributions.

The next very valuable concession as far as the controlling director is concerned are the tax free lump sums paid on death before retirement and the tax free (as least for the present) commutation sum at

retirement. The lump sum death in service benefit available on a company scheme or a self-employed pension is paid free of all taxes including Capital Gains Tax. If he invests 5 per cent of earnings—£1,500—then Equitable Life's increasing temporary insurance contract will provide cover of around £12m.

Until age 45, the executive need not worry about providing a pension. The lump sum Transfer Tax. Such a sum available to dependents free of CGT should the controlling director die enables the family the controlling director to consider becoming an employee and setting up an executive scheme.

With such a scheme, the executive can build up to the maximum two thirds of final earnings pension in as short a period as ten years—a feature he could never do with a self-employed pension arrangement. He is still interested in the lump sum death-in-service benefit so he contributes the maximum 15 per cent of earnings, to maxi-

mise that death benefit. An ordinary employee usually has to take 40 years to build up to the maximum entitlement—the root cause of the early leaver problem.

There is considerable flexibility as to when the executive takes his pension, though early retirement before the stated normal retirement age can cause problems. But when he eventually draws his pension—75 is the ultimate age—the controlling director can commute part of that pension for a tax-free lump sum of 1/3 times final earnings.

The Revenue will look with a jaundiced eye at a major salary increase immediately before retirement. But there is still plenty of scope to boost this lump sum payment by judicious increases in the few years before retirement.

So lump sum payment at retirement represents the passing of company assets to the controlling director through the pension scheme.

Eric Short

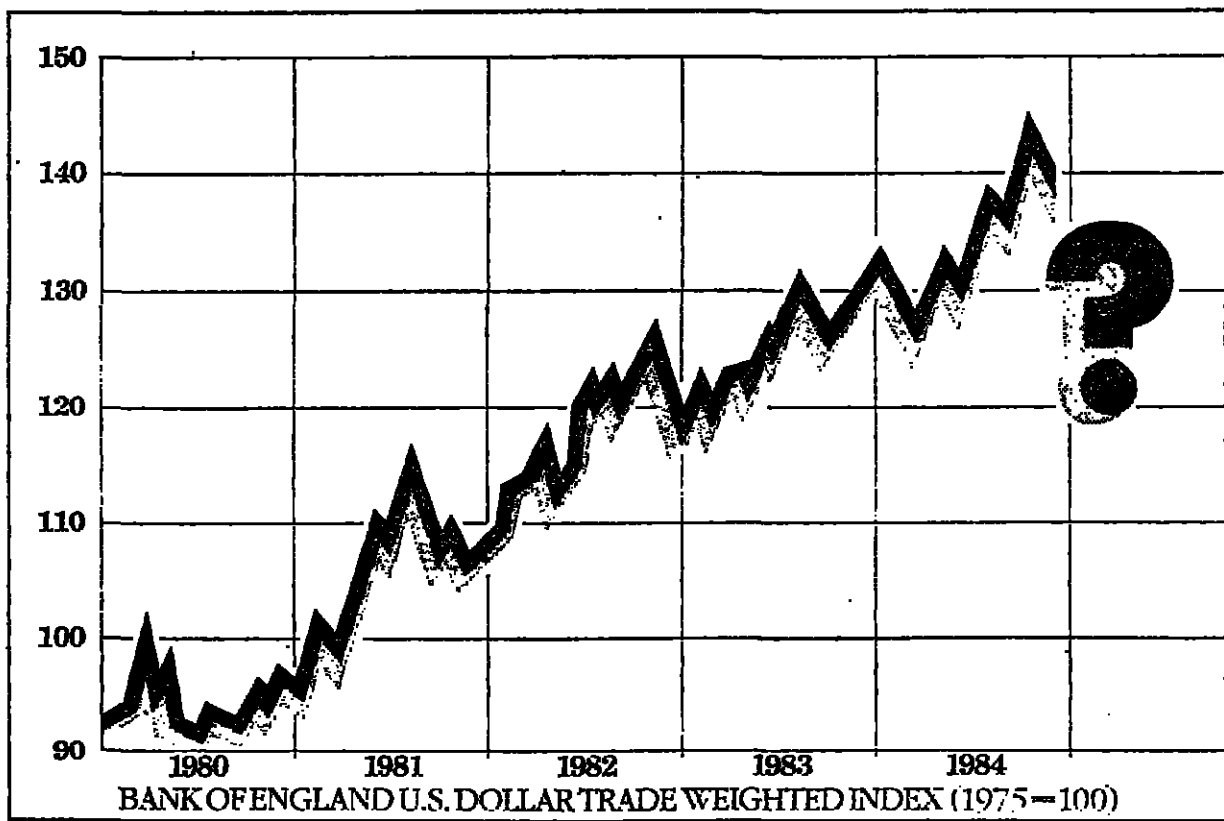
OVER THE past decade, a new growth sector—has established itself in the pensions field—the executive pension scheme—based more on tax planning and mitigation than on actual pension provision.

The 1973 Social Security Act opened up this sector by giving controlling directors the option of either continuing to be regarded as self-employed or else being treated as employees for pension purposes, with the opportunity to switch status freely.

A pension scheme, whether it is a company scheme or a self-employed arrangement, is a highly tax efficient savings vehicle. Each type of scheme offers ample opportunity to channel assets from the company to the controlling directors without getting clobbered by the taxman.

Since each type of scheme operates under different tax rules, the director can use his freedom to switch employment status to maximise the benefits. It needs to be emphasised that pension tax reliefs allowed by the Inland Revenue apply to

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YOUR SAVINGS AND INVESTMENTS

Stockbrokers can think small

BY GEORGE GRAHAM

STOCKBROKERS are only for the very rich, or so the general perception runs. But with British Telecom running riot in the stock markets the perception is being turned on its head.

Research commissioned earlier this year by stockbrokers Montagu Loeb Stanley showed that even most of those already using a broker believed that at least £20,000 was needed before the lords of the Stock Exchange would deign to look at your business.

With some firms this is true, but often a much smaller portfolio will be accepted. Brokers such as W. Greenwell or Strauss, Turnbull have no formal minimum, although all stockbrokers are required to take up a reference before dealing for a new client.

Stockbrokers survive on the commission they earn on Stock Exchange deals so the crucial limiting factor is not so much the size of your portfolio as the size and number of individual bargains they make on your behalf. The Stock Exchange itself lays down a minimum commission—1.65 per cent on the first £7,000—but many brokers say any deal below £1,500 costs more in administration than it makes in commission, so they lay down a cash minimum per deal. This will typically be £10-20, so smaller deals may prove worthwhile for the investor.

Next in the scale is discretionary management, where the stockbroker takes full responsibility for deciding when to buy or sell. Different firms take very different views on their discretionary service—some will not take on a discretionary account of less than £50,000, or even £100,000, while others put all their smaller clients on to discretionary management, and refuse to have advisory accounts for less than £100,000. Some regional firms are unwilling to take on discretionary accounts at all.

There are two possible drawbacks to putting your money under a stockbroker's discretionary management. First and most obviously, you lose control over your portfolio—though you could give instructions not to invest in, say, tobacco companies. You may feel that you have lost touch with your investments and might be as well off in unit trusts, which are in fact run by

Stockbrokers' own unit trusts, however, have generally not performed as well as those of specialist unit trust management groups.

Second, discretionary accounts often turn out to be traded more actively. This does not necessarily mean that your portfolio is being "churned"—that is, overtraded to generate commission for the broker. Inaction may simply show that the broker was unable to contact his advisory client, and it may not be the best thing for the portfolio.

Many stockbrokers have moved into the wider sphere of financial planning. Most brokers should be able to advise, at least in general terms, on tax planning, and many have departments to cover insurance-linked and other investments.

Hoare Govett, for example, specifically mentions its know-

ledge of Business Expansion Schemes and woodland investment, and Quilter Goodison has expertise in commodities—but Capel-Cure Myers suggests that if you feel like investing in commodities you should go and lie on a hot beach until the feeling goes away.

But it is not always the brokers which trumpet their financial planning services loudest who will offer the best service. Many firms have advised their clients on tax planning for years without ever announcing a new purpose-built department.

Should you be paying specific fees for portfolio management services and financial advice? Most stockbrokers cover their costs with the normal commission on Stock Exchange deals and on other investments they may put you into.

A few, however, such as Buckmaster & Moore, charge an annual fee for administering the portfolio, while others will charge extra for each valuation of your stocks they carry out.

The Stock Exchange is now phasing out its minimum commission scales, and when the "Big Bang"—the restructuring of the industry—finally arrives, there may well be substantial changes in the service.

When this happens, more stockbrokers are likely to move to a fee-paying basis for their portfolio management services, and a greater division could grow up between those firms that concentrate on serving the private client and those that aim at institutional business.

A move to free banking

BY DAVID LASCELLES

NOTHING IS really free in this world. But Midland Bank's announcement this week of "free banking" marks a striking departure from the recent trend of ever-rising bank charges. It represents a good deal for customers, though no one can be sure at this stage whether it will turn the tide or just end up as an expensive marketing ploy.

Starting on December 10, Midland customers who keep their current account over zero will incur no charges at all. If they go into the red, they will have to pay 31p for cheques and standing orders (which is slightly more than other banks) and 12p for direct debits and Auto withdrawals (which is slightly less). Other big clearers require minimum balances for "free" banking (see table).

Free banking has certainly been a great success for other banks, mainly regional ones, that have introduced it. The Co-op, the National Giro Bank, the Yorkshire Bank and the Royal Bank group.

The Royal claimed this week to have increased its account by 11 per cent this year without even advertising free banking. "We'd have been swamped if we'd advertised it," said chief executive Sidney Procter.

But the other clearers seem in no hurry to follow Midland. They recoup only half the cost of running the average current account, and the two biggest, Barclays and NatWest, thin their customers should pay for the service without having it subsidised by overcharging for another service.

Bank	Min. bal. for free banking unless otherwise stated	Item charged (debit order, 15p per ATM or direct debit (31p and 12p respectively from 4.85) 15p per direct debit 20p all other debit items and £3 management fee per quarter	Abatement rate	Charging frequency	No. of branches	ATM's
Midland	£0	28p per cheque or standing order, 15p per ATM or direct debit (31p and 12p respectively from 4.85) 15p per direct debit 20p all other debit items and £3 management fee per quarter	4% below deposit rate	Quarterly	2,300	2,200
Barclays	From Dec. 3 1984	£100 or average £500	3.00% fixed	Quarterly	2,900	750
Lloyds	£100	30p per cheque or standing order, 20p per direct debit 7 day 20p per day on which the deposit rate ATM card is used irrespective of the number of uses, limit of £100 per day	3% below deposit rate	Quarterly	2,250	750
National Westminster	£100	29p per standard debit, 12p per ATM or direct debit + £3 management fee per quarter. Free-ii-credit provided £500 maintained in a deposit account	3.00% fixed	Quarterly	3,200	2,000

Source: Midland BA

FINANCE AND THE FAMILY

A listed cottage

BY OUR LEGAL STAFF

Just over 18 months ago, I purchased a thatched cottage which was described by the estate agents as a 'listed property' and where the surveyor, acting on my behalf, conducting the initial survey indicated that the thatch would not require attention for a period of seven years or so, although he did recommend annual inspections. Recently, as a result of a leaking roof, I have been advised by a thatcher that re-thatching is required which is likely to cost in the region of £8,000. Naturally, I made an appropriate approach to the local authority in order to apply for a grant and, to my surprise, I have now been informed by them that the property is not listed.

The local authority further advised me that they notified my solicitors, in reply to their searches, to the effect that the property was not listed. At the same time, the solicitors confirmed to me, in writing, that it was listed.

If the property is not listed either the local authority was at fault in its answers to the local authority search made when you purchased or your solicitors were at fault in not advising you that the search showed that the property is not listed. You should have a claim against one or the other depending on where the fault lies. If however your solicitor was at fault it may be that the measure of damage is not the lost grant but the difference in value (if any) between the house as an unlisted house and what you paid for it.

Tax on Income Bonds

I am considering making a purchase of National Savings Income Bonds but I think I have read that timing is important to avoid a taxation liability greater than the income received. Is this correct? Provided that you have already submitted your return, the timing of your purchase is not

crucial (during the next three months or so). The point here is not the prospective total tax bill, but merely how soon you will be asked to pay the tax on the current year's interest.

If interest rates decline, you will pay tax on more interest than you actually receive, inevitably. The crucial question—which requires consummate skill in economic forecasting—is whether the amount of interest which you will receive in 1985-86 or 1986-87 (whichever is the smaller figure) will be greater than the amount which you receive in the year before you encash the bonds or in the year before that (whichever is the smaller figure). This strange and administratively complex principle of taxation appears to command all-party support.

claim, if any, could legally be made on a husband's estate at death by a wife who deserted 20 years ago, after no disclosed differences, and has made no claim for maintenance since. If she has any claim in law, though morally unjustified, can any steps be taken now, or at death of husband, to defeat it?

Claim on a deserted husband's estate

The wife cannot be prevented from making a claim under the Inheritance (Provision for Family and Dependents) Act 1975, but in the circumstances which you describe it is unlikely that the court would make any award to her unless the estate were very large indeed.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



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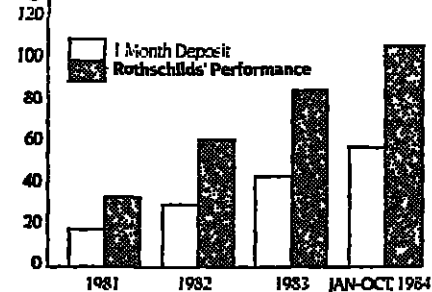
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PROPERTY

**June Field visits the Isle of Man
Three-legged race
for island property**

"MANY COME for pleasure and a few to recruit their shattered constitutions. They circulate considerable sums of money," observed the first visitor's guide to the Isle of Man in 1822. The island is part of the British Isles but is not within the United Kingdom—it is a Crown dependency. Many people think of it only as a place where they hold T.T. races, and the cats have no tails. When you get there after an hour's flight from Heathrow and cross the Fairy Bridge—tipping your hat to the little people so as not to offend—the peace and charm envelope you.

The island takes its name from Manannan, the god who ruled the island, way back, using his magic powers to protect it. He is said to have changed himself into three legs: this is the island's symbol of independence surrounded by the motto *Quocunque Jercris Stabit, "Whichever way you throw me I stand."*

The island is about 32 miles from the Point of Ayre to Chicken Rock, 13 miles across from Contrary Head to Clay Head. With its peaceful, restriction-free living, the island attracts some well-known names. Racehorse owner Robert Sangster has an estate called The Nunnery, St Brigid, near Douglas, comedian Norman Wisdom has a place at Ballaugh, and Grand Prix racing driver Nigel Mansell lives in a bungalow at Erin.

Income tax for the 65,000 inhabitants is a flat rate of 20 per cent, there is no stamp duty, and no tax on sale of property unless it is sold within two years of purchase, to avoid speculation. Interest on bank deposits held by non-residents is not charged to income tax, and companies, incorporated but not resident, pay an annual sum of £250.

There are no financial qualifications for outsiders buying property (as in Jersey), or price-level restrictions (as in Guernsey). And with the market well down, particularly at the lower end, there are bargains to be had.

In Peel, where I watched herings being smoked in giant ovens over blazing oak chips in the "kippering houses," there are terraced homes for sale at

£19,500, marked "bargain of bargains." Four-bedroom detached houses at £49,500, are "drastically reduced, must sell," says agent Peter Redmond, Athol Place, Peel. In the old parish of Braddan, five minutes from Douglas, B. and B. Construction, 3, Glen Falcon Road, Douglas, have knocked £10,000 off their £69,000 bungalows and reduced four-bedroom houses to £49,750.

Kings, even in purpose-built blocks, continue to be the one category at odds with the general market trend. Buyers on the island are not as attracted to them as they are on the mainland, so even heavy reductions do not always help. Flats in converted houses present a mortgage problem, too, and the Manx Treasury is now taking a harder line, insisting on a structural survey of the whole property.

The major clearing and merchant banks provide finance to buy a property and the Government offers limited funds to first-time buyers. Building societies are planning to enter the market but this is unlikely to have much effect on prices as it is not shortage of mortgage money that has depressed the market.

Chrystal has just sold Ballyvale, a fine Georgian house in 20 acres at Santon. Offered at about £400,000, it was bought at what partner Keith Kerrouish calls the island's highest price ever achieved for a solely residential property.

He admits that prices are heavily negotiated, and that agents look to the UK for buyers. He also feels the island government must seize the opportunity to attract its share of the retirement market "to both boost the housing market and stimulate the economy." Knocksherry House, in two acres with dramatic views across a lake to Peel Castle and over the Irish Sea to the coast of Scotland, is a handsome modern home once owned by author Richard Adams of *Watership Down* fame. He built the curvy library wing with its lofty pine-beamed ceiling and Manx stone fireplace. The asking price now is £195,000, reduced from £250,000. Brochure from Mr Kerrouish, Chrystals, Exchange House, Athol Street, Douglas.

GARDENING

A touch of the Mediterranean

BY ARTHUR HELLYER

THESE PAST few years the design and construction of conservatories has been greatly improved. No longer does the choice lie between rather flimsy structures built to be sold at the lowest possible price and elaborate Victorian fantasies. The new generation of conservatories is firmly based on modern technology and design. Indeed so much alike are some of the leading makes that at one time I thought they must all be coming from one manufacturer and being distributed under various brand names.

I am assured that this is not so and that it is the functional excellence of the design and its suitability for association with modern dwellings that have made it so widely copied. The framework of nearly all these new conservatories is of very sturdy aluminium coated with a glossy acrylic finish which should require minimal maintenance. The doors slide or swing smoothly, the door handles and locks are robust and the whole adds up to a quality structure that can be placed against almost any modern house without incongruity.

Most of these conservatories could be erected by anyone with a little experience of this kind of work but I think some difficulties might arise with the large conservatories, especially in the handling of heavy panes of glass, so it would seem wise to allow for professional erection. Some conservatory manufacturers offer to do this and include cost of erection in the price of the building. Dimensions vary considerably, from a width of about 7ft to 10ft and almost any length compatible with the sections of which this type of house is usually composed. Ridge heights range from about 7ft to 9ft. Ideally, conservatories of this type should be placed against a wall with direct access into the dwelling house so that at least one nursery to make a special list of them and I also notice a tendency to refer to conservatory plants as Mediterranean plants—not because they are all natives of Mediterranean countries but because they are all well established there and are the ones that tourists are most likely to relate to the region.

They include the bougainvilleas, most flamboyant of all climbing plants, the oleander, various acacias including the common mimosa, the daturas or angel's trumpets, blue flowered *Plumbago capensis*, oranges and lemons, myrtles, pomegranates, hibiscus, several Mexican agaves and abutilons. All perargoniums, whether grown for their flowers or scented leaves, are good conservatory plants and so are all the fuchsias, a much more varied

of view there is no reason why a conservatory should not be used like any other greenhouse but aesthetic considerations may suggest otherwise, especially if the conservatory is used as an extra room. In these circumstances it might be undesirable to fill it up too much with staging for pot plants and better to use a smaller number of larger containers mainly for shrubs and climbers with some herbaceous plants and bulbs to extend the seasonal colour.

There is already sufficient demand for such plants for at least one nursery to make a special list of them and I also notice a tendency to refer to conservatory plants as Mediterranean plants—not because they are all natives of Mediterranean countries but because they are all well established there and are the ones that tourists are most likely to relate to the region.

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And, for a few weeks each spring, there is no reason at all why some portable staging should not be introduced (some of the modern aluminium staging is quite decorative) on which seed can be germinated in trays and seedlings grown in small plastic pots with little or no mess or inconvenience.

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TRAVEL

A winter's tale of cities

BY ARTHUR SANDLES

IT WAS a bitterly cold night. We were due at the opera in 20 minutes and were grateful to spot a prowling cab. Its headlamp progress should have warned us from the start. Within five minutes it was clear that we were going to be late and that, as the vehicle coughed to an obviously terminal halt, we were now also lost.

This was Leningrad, and there then followed a Chaplinesque dash through the streets (shaking of the driver's protestations that rapid repair was possible) involving a variety of officers of coasting help and a policeman whose long-sightedness made map-reading impossible but who refused to admit it—he spent ages looking at my map sideways. It ended in one of those embarrassing arrivals when the curtain is still rising as you tread on toes all the way to those inevitable centre seats.

How do you say "sorry" in Russian? In fact, it proved hardly worth the bother. The set was magnificent but the performance itself left something to be desired. No opera buff myself, although not above that surge of emotion provoked by a well sung aria, I feared the fault was mine. That was until I realised the gentle surge of snoring around me was not the echo of the chorus.

We left at half time. We caught a bus. In spite of, or perhaps because of such experiences I have an affection for cities in winter. Particularly northern cities. The cold crisp air of Stockholm or Vienna encourages one to keep on the

move. It is the time of year for cafes, bars, theatres, galleries, crowded restaurants and deserted streets. New York on a clammy summer day does not compare with a January Manhattan when the steam wells up from beneath the streets and when the cold does not just grip, it bites.

For really dependable winter cold in a city I would rate New York among the tops. Nearby Boston is a pretty safe bet too, but in my experience it tends to be on the dampish side. Moscow is a moody place in the cold. I doubt the sanity of anyone who chooses to visit it twice but a first time trip is an eye opener. Red Square at night, in the snow, is one of those sights that enriches itself permanently on your memory.

Cities with a somewhat more romantic flavour include, of course, Paris, Amsterdam and my own favourite, Florence. Unfortunately in the winter months all of them can reward the visitor with foul weather conditions. But, if you are prepared to put up with that risk, then try Florence or Venice, particularly if you have not been to them before.

It is an essential for all good weekend cities that they be either walkable or that they boast superb public transport. Venice and Florence are both in the walkable category and both can be pretty overcrowded in the main summer months. Both also offer excellent eating and it is Florence's superiority in that respect, boor that I am, that probably tips my own scales in favour of the Florentines.

But back to the more wintry settings further north and east. One of eastern Europe's most endearing capitals is Budapest — or rather the twin cities of Buda on one side of the river and Pest on the other. Hills always help to give a city physical attraction (compare the dreariness of Los Angeles with the scenic delight of San Francisco) and Budapest has them in abundance. It remains a walkable place, however, and there is lots to keep the visitor busy.

Even if the eastern joys of the Hungarian capital are not sufficient to woo you into the world of Socialist achievement, then you can still sample the joys of the Danube in Vienna. This is one of those places that, to be honest, I have never quite made up my mind about. I like the cafe life, the museums, the Spanish riding school and all that, but the solid greyness of all those imperious, and imperial, buildings can be a bit claustrophobic.

That said, however, I must admit that the Austrians seem to be one of the few nations on earth who give the impression of welcoming winter. It envelops their land and the natives simply dress right for it and then make indoor life warm, cosy and appealing. To sit in an Austrian home or restaurant at night is to be almost glad that it is cold outside. If it were not, the atmosphere would lose so much. I have happy, if dim, memories of less-sober days spent in the Heurigen (wine bars) in Vienna in the winter. Perhaps it is a



Vienna... city that welcomes winter

recollection of the mornings after that make me so jaundiced about the daunting architecture.

But let us move nearer home. Among British cities in the winter, London clearly ranks as the champion, unless you live there. Again, like other European centres on a similar latitude, its winter weather often leaves much to be desired, and I would avoid November, December and January. In time for the late winter rush, this column hopes to turn its attention to our own capital in much greater detail. For the moment, however, it is worth noting that London is much less crowded in the winter months and has much to amuse and divert the visitor. For all the criticism launched at it by its inhabitants, it also boasts the best (but, unfortunately, far from the cleanest) central area public transportation system in the world.

Edinburgh is smaller, but somehow less intimate than London, and my own subjective choices for city weekends away within the British Isles would be York and Bath. I might also choose Bradford and its environs, but that would be for its specific industrial fascinations.

If Bradford does not rank high on your winter menu, then there are one or two little pieces of exotica which might tempt. Serenissima/Heritage has recently been offering weekends (well, they stretch the definition slightly) to Delhi, specifically for the ride trip to the Taj Mahal, and British

Airways will always happily sell you a ticket on Concorde to New York.

American Express has a little bit more to offer to the list for the best of winter weekends. At least there if the taxi breaks down there is likely to be another one—not that I would ever have succeeded in getting a ticket for the Met....

Further information: Your local tourist information centre should have details of domestic city attractions and most of the hotel chains have special offers for weekends in the winter months. Dozens of companies do weekend arrangements to European cities and your local travel agent will give you a sheaf of material. If you are thinking of Italy make sure the Pegasus brochure is among the bundle and, now that Thomson is firmly into the weekend market, its brochure provides a good benchmark for prices.

As far as the nearer cities, such as Paris and Amsterdam, are concerned it is worth doing a little research on whether or not it is both cheaper and more convenient to arrange your own trip. Not only are there special weekend fares but also the ferry companies have very attractive weekend rates which means that a family can go away for the weekend and load the car up to the gunwales with goodies for the return journey.

Danube Travel, 6 Conduit Street, London W1R 9TG, sells weekends to Budapest for £177 upwards or £235 upwards for the de luxe version.

MOTURING

Tune up for cold weather

BY STUART MARSHALL

IF YOUR car won't start on a frosty morning, it's not dumb insolence or an act of God. As the starter churns ever more slowly you may blame the manufacturer and the garage, but the chance is that a major part of the fault is yours.

In mild weather an ill-tuned engine will start after being turned on the starter for much longer than should be necessary. But in low temperatures, even with modern thin oils, a cold engine is stiffer to spin. That puts greater demands on the battery which is also affected by the weather. As the temperature drops, so does its output.

To make matters worse, winter motoring, with the lights and rear window demister on for long periods, may mean that the car's alternator isn't putting as much current back into the battery as it needs. This is especially true if most of your journeys are short and in traffic.

So what is to be done? If the car is ready or overdue for a service, don't delay a moment longer. Take it to the garage, or call Home Tune. Most garages are falling over themselves to do business nowadays. A skilled tune-up will prevent starting problems from happening and will, of course, save petrol as well. And if your battery seems to be below par, get it looked at right away. If it really is on its last legs, you will have to replace it anyway and you might just as well do so before you find yourself stranded in some frosty car park at 2 am.

Batteries are amazingly reliable and long suffering. When I first owned a car in the 1950s, one reckoned a battery was doing well if it lasted for more than two years. Now a five-year working life is nothing to be surprised at.

In batteries, as with everything else, you tend to get what you pay for. There are cheap ones, which may perform perfectly well if of adequate capacity for your car. But to be on the safe side, a premium-grade battery is the best. Exide's new Torque Starter is perhaps the pick of the bunch today. It disproves the old "never mind the quality, feel the width" theory. Although smaller and 25 per cent lighter



THE HALLMARK of a good turbocharger installation is not a neck-jerking burst of acceleration at 3,000 rpm but the feeling that what you know is a 1.6 litre four-cylinder engine under the bonnet could well be a 2.5 litre six.

Ford's new Escort RS Turbo is that kind of car. During a brief drive last week in dreadful weather it impressed with its effortless and refinement. It accelerated from 40 mph to 100 mph in a smooth rush of power in fifth gear and I wouldn't doubt for a moment Ford's claimed 125 mph maximum. I'm sure its 0-60 mph achievement in 8.2 seconds is achievable in the dry, though it would not have been in the wet. Despite a limited slip differential—the first, it is said, on a regular production front-wheel drive car—there was enough torque in the three lowest gears to break the grip of the 50 series tyres and make the front-end unruly.

Slightly softening the Torque Starter produces 20 per cent more power during the critical first five seconds when you flip the starter key. It is a "fit and forget" battery. Used normally, it never needs topping up throughout its life.

Some motorists seem to have bad luck with batteries and become reconciled to needing replacements every year or so and still cannot be sure of getting the car to start in the morning. They should suspect the charging system. A faulty control unit allows a battery to be under-charged so it won't perform properly, or over-charged, which shortens its life. The answer is a visit to the local auto electrician. If a car is properly main-

tained and used regularly, the battery should never need overnight boost from a trickle charger, though if the car idles for weeks on end, it might be helpful. Halfords' other motor accessory shop have neat little ones that plug into the cigarette lighter socket. I have only once had to mine and that was when I left the car in my drive with headlights on the whole evening. Having to use a trickle charger every night to be safe of a cold start next morning is a sure sign that something is wrong with the battery, charging system or the engine's state of tune. It's no good treating the symptoms instead of cur the problem.



St Mark's Square, Venice, a walkabout city

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To Leon Edel's five-volume biography of Henry James, one of the most absorbing literary portraits published during the last 50 years, his Letters, edited by the same scholar, make an admirable addition to the series. (Harvard University Press, £25.50) is a book I have particularly enjoyed. Here we see the great man, august yet neither self-complacent nor untroubled, still devotedly cultivating his genius, and being now "more open to sentiment" than at any earlier period, gradually evolving the new style from which sprang such complex masterpieces as The Ambassadors and The Golden Bowl.

I have also enjoyed a modern self-portrait, The Gymnasium of the Mind: The Journals of Roger Hinks, 1933-1963, edited by John Goldsmith (Michael Russell, £10.95). Hinks was a lover of learning par excellence, once Assistant Keeper at the British Museum, but simultaneously a man of the world and a keen critic of contemporary art and life. His day-to-day comments and reflections make this book much more readable, at least so far as I am concerned, than many 20th-century works of fiction.

PETER QUENNELL

My book of the year has to be Gore Vidal's Lincoln: A Novel (Heinemann, £9.95) but not because, as they say, it gripped me from the very beginning. On the contrary: here was the author of some of the most sophisticated prose penned in this century writing like Margaret Mitchell without the romantic bits. Or so it seemed.

GEORFFREY MOORE

It is very rare for a book on political economy to be my book of the year. But Peter Jay's Crisis for Western Political Economy and Other Essays (André Deutsch, £14.95) must surely head the list in 1984. The crime for which some people cannot forgive Jay is predicting correctly 11 years ago that our pay bargaining system would either collapse in hyperinflation or generate unemployment "in the low millions". Still more unforgivable, he was right for the right reasons and correctly saw that the U.S. was the most likely candidate for his prognosis. The style is invigorating and cheerful rather than gloomy. The essays cover not only political economy, but international affairs ("America decides: Europe complains"), television and the philosophy of "news," the joys of sailing, and many other topics. "Dull would he be of soul" not to like this book.

DAVID PRYCE-JONES

Much the best novel I read was Umberto Eco's The Name of the Rose, translated by William Weaver. In the new paperback edition (Picador, £2.95). If you think life is dull in a 14th-century Italian monastery, this is the book to change your ideas. Second came The Memoirs of an Ant-Semite (Picador, £7.95) by Grigor von Rezzori. This is in the form of five linked short stories about Central Europe and the Balkans from the last days of the "other Kaiser" (Franz Josef) to the years after World War Two. Even racial diatribes had their subtle, touching and ambivalent features before Hitler made the whole subject taboo.

SAMUEL BRITTON

During the past year I have spent a good deal of time reading historical studies, and none has impressed me more than Guillaume le Conquerant by Michel de Boiard, who is Professor Emeritus of Caen University (Fayard, Paris, FR798). When one reads the admirable memorials to William's achievements—from the great Norman cathedrals to the Bayeux Tapestry—he seems relatively near and familiar. It is a different matter when one tries to arrive at a clear picture of the man himself.

CHRIS DUNKLEY

But with a mastery command of all the available sources, Professor Boiard has drawn an entirely convincing portrait of William the Bastard, who stands out in such stark contrast to most of his contemporaries in his terrible patience, his organising genius, his magnanimity to former enemies, and not least in his exemplary fidelity to his Queen, Matilda. It is also worth noting that this study has appeared at a thoroughly appropriate moment, since 1987 will mark the nine hundredth anniversary of William's death.

ERIK DE MAUNY

I choose Gabriel Fauré: His Life Through His Letters, collected, edited, and introduced by Jean-Michel Nectoux, (Marion Boyars, £25.00). Nectoux is the leading Fauré scholar of the day; in all his publications on the composer so far, of which this latest is easily the most important, he communicates an appreciation of a still under-rated, still semi-neglected master which combines missionary enthusiasm, discernment, and comprehensive control over detail. The figure that emerges from this assiduous, elegantly balanced blend of letter, annotation, and comment will surprise those who have formed the picture of an urbane salon composer of charming melodies. Fauré's was an original mind, an intellect of breadth and depth.

My book of the year

Our reviewers choose the books published this year they have most enjoyed reading



Clowns at Olympia in 1934, photographed by Edwin Smith, whose collection of work from 1925-1977 has been chosen by Colin Amery.

he was also a man of unsuspected passions.

MAX LOPPERT

Journey to Kars (Viking, £8.95) by Philip Glazebrook is a travel book with a difference. The author raises the question of what he thinks he is doing as a traveller in a country like Turkey, and he contrasts his experiences with what happened in the last century to those who preceded him there. Much curious knowledge and a good deal of thought comes in memorably good prose.

Books by writers about their childhood are generally well left alone, but Eudora Welty's One Writer's Beginnings (Harvard U.P., £3.00) is an exception. She was brought up in Mississippi by loving parents, and remains grateful to be still celebrating the happiness of long ago.

DAVID PRYCE-JONES

Best book for me was A Very Private Eye: Barbara Fyn's Autobiography in Letters and Diaries. (Macmillan £12.95). It has every kind of appeal, biographical and autobiographical—most people don't distinguish between the two. It offers a full portrait at last of one of the nicest Oxford women of my generation. It has a double interest for a writer: how it shows up the Silly Sixties—all those dumb publishers who wouldn't take a chance on publishing her, simply because she wasn't in line with that delicious decade when everything went wrong with Britain. And now she is a best-selling author in this country and, most improbably, in the U.S. Quite right: she was the best novelist of her generation. What a moving story too—her private life! How glad I am that all, or nearly all, came right in the end!

A. L. ROWSE

Once again looking back over the year the book which stands out most memorably is by Lisa St Aubin de Teran: The Tiger (Jonathan Cape, £8.95). As with her first novel Keepers of the House, the setting is the badlands of South America, but this time the central character is Lucien, a child throughout much of the story, whose entire being is dominated by the adamant will of his Prussian grandmother, Misia Schmutter. Most memorable is not necessarily the same as best, of course, and The Tiger does have faults. The sense of place is so strong that it frequently overpowers the narrative, and the eccentricity of the central characters so bizarre as to be unbelievable. But the same applies to Grimm's fairy tales and L. St. A. de T's great strength is that like Grimm she is busy creating a world of her own within which her own rules are observed. As with the most far fetched fairy stories the results are anything but irrelevant to the "real" world.

CHRIS DUNKLEY

What a year! I cannot remember when so many books competed to be mentioned here. In biography I particularly enjoyed Anne Thwaite's Edmund Gosse: A Literary Landscape (Secker, £15.00). Not only because I read most of it lying on a lounge on a Hellenic cruise, but also for its insights into its prickly hero and into my own profession of reviewing. In this line I was seduced that David Cecil's Desmond MacCarthy: The Man and His Writings (Constable, £9.95) did not seem to persuade more of my colleagues what a good critic he was. Who is there half as readable and receptive writing regularly in the public prints today?

As a Booker man I read more fiction than usual. Now the

my colours to the flag-pole of the Hotel de Lac (Cape, £7.95) by Anita Brookner. No novelist ever totted up the cost of trying to live alone with greater accuracy. But slightly to change the metaphor, I was sorry not to see two other novels come safe and dry to the Guildhall: Kingsley Amis's Stanley and the Women (Hutchinson, £8.95), a book no parent is ever likely to forget, and Angela Carter's Nights at the Circus (Chatto and Windus, £8.95) with its amazing gallery of grotesques and effortless feats of blue sky-writing. Ms Carter knows more about clowns and what they really represent than anyone since Shakespeare.

ANTHONY CURTIS

Kirk and Raven's The Pro-Socratic Philosophers was first published in 1957. It gave a critical selection of the writings and a marvellously informative commentary. Now it is back, revised and re-done in the light of new research and discoveries (edited Schofield, Cambridge University Press, £30.00 hardback £10.95 paperback). Everything there by or attributed to Empedocles, Pythagoras, Heraclitus and the others as well as carefully translated, for those with little or no Greek, and there are invaluable discussions of who each of the Pro-Socratics really were. The scholarship is impeccable: a majestic work and for me one of the most important in my world today.

My other choice is Breiten Brytenbach's The True Confessions of an Albino Terrorist (Faber and Faber, £9.95), a highly imaginative, good-tempered, intelligent account of his unjust imprisonment by the South African authorities. This is a classic of prison writing.

MARTIN SEYMOUR-SMITH

For a fresh insight into how politicians operate, nothing this year has beaten J. M. Alderson's Our Masters' Voices (Methuen, £10.50). Based on study of speakers' styles, it shows the devices (lists, repetition, contrasts and hand gestures) which get the greatest applause; in short, what distinguishes a spell-binder from a run-of-the-mill bore.

The current champion is Tony Benn whose most effective method of maximising his rapport with an audience is to talk through applause. Not only is the book great fun but it is also an invaluable handbook, supplementing the more traditional classics of rhetoric. Send it to your MP.

PETER RIDDELL

I enjoyed most the Field Guides to British Animals, Water Life and Butterflies (The Reader's Digest Association "Nature Lover's Library" series, £24.95 the set of three). These are marvellously informative, easy to use and beautifully—indeed, lavishly—illustrated: ideal either as reference books or for approaching a new subject. Their whole layout and appearance are most attractive.

Then I delighted in Geoffrey Gripson's Recollections—Mainly of Writers and Artists (Eggar's Press, £12.50), first because it is so readable and witty and secondly because it evoked such vivid and nostalgic memories of the 1930s—the exciting world of New Verse and of the young Auden, Spender, Isherwood and Macneise. A splendid bedside book.

Finally, I love to browse in the new The Oxford Companion to Chess, by David Hooper and Kenneth Whyld (Oxford, £15.00). It has been truly said that chess is a sea in which a gaz may drink and an elephant may bathe. All gazes and elephants cannot fail to find this the most fascinating of maritime guidebooks. Open it to look something up and

full not only of chess wisdom but also of most amusing anecdotes and what one might call "chess mythology."

RICHARD ADAMS

Not out of meanness but of lack of shelf-space, I no longer buy hard-back books, so the postulations for the Booker and other guerdons come my way a year or two late. But in my special-interest sphere, an essential turns up now and then; and as Margot Peters's life of Mrs Patrick Campbell (Mrs Pat, The Bodley Head, £15.00) has 530 pages, the texture of the binding makes little difference. It's a splendid biography, tirelessly researched, strictly objective throughout, when sympathy would have been an easy trap to fall into. The amount of detail is vast. And yet the life itself has an almost fictional quality. The publishers have turned out a handsome book, gilded with dozens of fascinating photos that show Mrs Pat at every period of her life.

B. A. YOUNG

The lovely recent Bonnard she came no closer to us than the Pompidou Centre in Paris, but at least Sasha Newman's discursive, absorbing, sumptuous and, which is most to the point, fully illustrated catalogue crossed the Channel in mid-summer (Thames & Hudson: £25.00 hardback in the English version). With a full colour plate and a double page to each entry, it is so very much more than a mere practical souvenir and aide memoire. And so it is with an exhibition rather nearer to hand, the definitive and quite magnificent study of George Stubbs now showing at the Tate, of which Judy Egerton's catalogue, as rich and accurate and generous in colour as it is in detail, must be almost the publishing bargain of the year (The Tate Gallery with United Technologies: paperback—£9.50 at the show, then £12; hardback £18).

WILLIAM CRACKER

The heyday of the critical essay may be over but my Book of the Year is the late Sir William Empson's Using Biography (Chatto & Windus, £12.95), a collection of his revised essays on Marvell, Dryden, Fielding, Yeats, Joyce and Eliot. They are all deftly based on the best hypothesis that he read to grasp the author's intention—whatever silly theorists may say—and Empson proves that biography can be more exciting than a novel. More fictional, too, and I don't suppose there is anything safe about recommending a book so deeply eccentric and so bone-achingly funny. Empson was the one man of genius in English studies in our times, and when he died last April he had published no books since 1961. For once the blurb, which calls him "one of the century's most influential literary critics," is guilty of understatement. The most influential, it will soon be seen, and a poet too; and I hope Chatto, mindful of his daring views on Marlowe, Shakespeare and Donne, will soon make another volume of what still remains to be collected. May his voice live on...

GEORGE WATSON

Two biographies this year have given me that nicest of things "a jolly good read." Neither, praise be, has anything to do with dancing. Margot Peters' Mrs Pat (Bodley Head; £15.00) is a complete and fascinating portrait of Stella Campbell.

Charles Gordon's The Two Troopons (Hamish Hamilton, £9.95) is a personal memoir of the lives and business empires of Charles Gore and Jack Cotton. The battles and findings between these two entrepreneurs make for extra-

game of Monopoly played with unlimited supplies of real money. It is a dizzy tale, told with a sense of style which guides the reader to a fascinated comprehension of the wild property boom of the 1960s.

CLEMMENT CRISP

Penelope Fitzgerald's Charlotte Mew and her Friends (Collins £12.95) was the best of the books published in 1984 that I have read.

Too little noticed has been the first volume, The Early Oxford Schools admirably edited by J. I. Cato (Oxford, £55.00) of what promises to be a noble series, a full-scale History of the University of Oxford. Covering the high middle ages it is one of the first books to give an idea of the people who went to Oxford then, their motives for study and the uses they put it to.

RICHARD OLLARD

Alice Through the Needle's Eye by Gilbert Adair (Macmillan £6.95), a "third adventure for Lewis Carroll's Alice," approached warily by me (a Carroll fanatic), but thoroughly enjoyed as a piece of brilliant creative pastiche, deft, witty, and almost creepily engaging. In several senses, the pictures by Jenny Thorne (Tenniel look-alikes) are, to my mind, just right.

The Ford of Heaven by Brian Power (Peter Owen £16.50), a memoir of childhood and adolescence in Tientsin in the 1920s and 1930s, when the foreign colonies had their strange hermetic life and perhaps only a child could, through servants and affection, penetrate a little the world of China: beautifully written, a simply told story of boyhood with a complex substratum of feeling, memory, suffering and reserve; a masterpiece of suggestive compression.

ISABEL QUIGLY

A book which I immensely enjoyed was the biography of the Archduke Franz Ferdinand and his wife Sophie, usually remembered for being the target of an assassin's bullet in June 1914 but brought back admirably to life by Gordon Brook-Shepherd in Victims of Sarajevo (Harvill Press, £10.95). His account is written with good sense and sympathy and without ghoulishness. So far away and yet so near at hand is the tantalising past that the author was helped in his researches by two of the children of the marriage.

The Archduke emerges as brave, forthright and foresighted, and his marriage to the sweet tempered countess was obviously made in heaven, though only recognised marginally at the archaic Hapsburg court.

It is nice to know how happy they were before that dreadful day.

JANE ABDY

Looking back over my reading of the last few months, I remember with pleasure one book in particular. It is a most enjoyable biography of a rather nasty man. He was Lord Alfred Douglas and his life has been written by H. Montgomery Hyde (Methuen £14.95) who has, among other things, made a special study of Oscar Wilde and his circle. Here is a psychological—perhaps a pathological—study, and in addition, a social document of a vanished age.

And the character of Douglas.

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his motives, above all his hatred of his father, have a more than passing importance. The author is as sympathetic as he can possibly be about so unsympathetic a man. I found the book absorbing.

GEORGE MALCOLM THOMSON

Several critics disliked it, but Iain Banks' first novel The Wasf Factory (Macmillan, £7.95) was the only book all year which made me sit up and want to know what happened next. A Gothic horror story about a Scottish teenager of distinctly unusual habits, it was described by one reviewer as the literary equivalent of a video nastier — yet no nastier than Hitchcock's Psycho, which it resembles in many ways.

On a more esoteric front, Martin Stannard's Evelyn Waugh: The Critical Heritage (Routledge and Kegan Paul, £18.95) traces our hero's career through a cross section of contemporary reviews. A fascinating insight into what people at the time thought of say, Black Mischief (1935) is "heavy-handed," James Agate) and a salutary reminder — you may find this hard to believe — that literary critics sometimes make complete idiots of themselves.

NICHOLAS BEST

As a devotee of T. S. Eliot I was enthralled by Peter Ackroyd's masterly biography (Hamish Hamilton, £12.50) produced in spite of serious impediments. Muriel Spinks' The Only Problem (Black Head, £7.95) is a novel which Eliot would have enjoyed for its theological implications as I enjoyed it for its humour. William Weaver's Duse (Thames and Hudson £12.50) vies with these as a portrait of Latin temperament in the theatre.

HAROLD ACTON

The book that has given me greatest pleasure in 1984 has been the poignantly beautiful volume of photographs, Edwin Smith 1895-1971 (Thames and Hudson, £18.00). This is not just another glossy volume of art photographs, it is an immaculately careful selection of the best aspects of Smith's work put together and introduced by his wife, Olive Cook. Architecture and landscape were the passions of Smith's life. Family circumstances made it impossible for him to complete his architectural training. Initially he was a reluctant photographer, seeing it only as a way of financing a career as a painter.

Every photograph in this book reveals not just a skilled eye, but an intense humanity. Clowns, gipsies, London markets are all full of the pleasures and pains of life. A view of an interior — a cottage, a country house or church — has an extraordinary quality, you can feel the presence of the people of the past and fantasy, the rigidity of bourgeois attitudes. The magic is accurate, the camera does seem to give us second sight. I can look at an Edwin Smith photograph of the cool, lime-washed interior of a remote parish church and gain an understanding of the spiritual past. Few paintings have that sort of sensitivity.

COLIN AMERY

This year three very different authors impressed. Yevgeny Zamiatin's remarkable story, We (Faber, £6.95) has never been published here, although he wrote it in 1917 and died in 1987. It is set in an English Northern town and attacks, with surrealistic colour and fantasy, the rigidity of bourgeois attitudes. Anyone who knows We, the macabre forerunner to 1984 will want to read more of this unique writer. David Lodge's Small World (Secker & Warburg £8.95) is a piece of comic invention which commands breathless admiration as he spins the globe from West to East. Only the last gasp, going up with a bang, causes a whimper. N. Wilson's biography of Hilaire Belloc (Hamish Hamilton £12.95) achieves the difficult feat of making a sympathetic character out of a tortured and brilliant agnostic. A true belief in Christianity, it seems, makes "Nonsense" of this world.

RACHEL BILLINGTON

"It's very long," somebody who knows America well remarked to me on a train to Blackpool. "Is it worth reading?" The answer is definitely "yes." Carl Solberg's biography of Robert Humberly (Norton, £18.40) is one of those classic volumes that skips neither details nor sources. It is also the story of a generation in America.

KATE MORRISON

Station Island (Faber £5.95 & paperback £2.95) contains some of the most beautiful and intensely personal poems I have read in years. Seamus Heaney has written. Ranging backwards and forwards in time they tell his own story in typically rich and inventive words and images. Throughout this narrative sequence, Heaney is trying to illuminate the influences that have formed him; the people and events and objects that have made him the person, and the writer, he is. In the last few lines of a poem about an old pewter plate, he is able to summon all his imaginative powers and marvellously light his surface appearance in the various "glimmering" elements of his own soul. I think the poets could convey the essence of their being and creativity as movingly as Heaney does in this poem, and indeed as he does in the whole book.

SUSANNAH AMOORE

Another selection of critics' choices will appear next week.

BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, application should be made to the Advertisement Department, Brackens House, 10 Cannon Street, EC4P 4BY. Telephone: 01-548 8000, Ext. 4064. Order and payment for books should be sent to the publishers and not to the Financial Times.

World Banking Handbook by Vicente Muro. The book covers the services and international and local networks of the top 100 European, American, Asian and Arab banks as well as the banking systems of rich countries. Brochure available. £28/241 incl. postage. Business Guides, Inc. 8780 Wilshire Blvd, Suite 200, Los Angeles, CA 90024, USA

Restoring Our Competitive Edge: Competing through Manufacturing by R. H. Hayes. Harvard University and S. C. Wheelwright, Stamford University. £28/241 incl. postage. Business Guides, Inc. 8780 Wilshire Blvd, Suite 200, Los Angeles, CA 90024, USA

Dialling Code Decoder Every office needs several copies of this essential reference work. It shows the exact location of every telephone dialling code in the Kingdom. It lists every telephone number in numerical order; against each code it gives the exchange name, the post town and, where necessary, the county. 24 copies £23.00 or plus £1.50 post 6-9 copies £21.00 or plus £1.50 post 10-24 copies £23.00 or plus £1.50 post 25 and over £27.00 or plus £1.50 post. Telephone: 01-222 4333. 7 Queen Anne's Gate, London SW1A 2AH

can politics. The Democratic Party, decent though it was, ultimately declined because it had achieved some of its original ideals and the voters had moved on. It was possible the book can fall to have Mondale and this year's Presidential result in mind. It is not irrelevant to the state of the British Labour Party, either.

MALCOLM RUTHERFORD

Money (Cape, £8.95) by Martin Amis, must be the book of the year, not because it is necessarily the best novel, or a work to challenge the imagination, but because of its epitome of modern times so brilliantly. Its depiction of a certain sector of society at a certain period of history is comparable to Trollope and the theme, the corrupting effect of the pursuit of wealth, is also Trollope's. Very like Trollope is the prose style, so relentlessly sharp, chic and descriptive that you feel that neither reader nor young Amis can maintain such a pace over 350 pages. But he does, with little lagging, as the plots the John Self who is tempted maker John Self who is tempted maker John Self into every imaginable self-indulgence, finally to be brought low.

This is Martin Amis's biggest work to date and so confident is his talent (although the plotting is weak) that he manages to introduce a certain amount of modest supporting role, without causing embarrassment.

ANTHONY THORNCROFT

George Steiner is a European polymath; an authentic spirit of our generation. His study of Antigones (Oxford, £15) is a tour de force: vivid, profound, provocative insights into a text, its interpretations, and its implications for language across 24 centuries.

Professor Steiner's is my book for this year and, probably, many another. So is The Book of the Year, edited and introduced by Jon Stallworthy, here is an anthology with an integrity independent of the collected works of its representative authors. From Exodus extracts to Peter Porter's cold, terrifying "Your Attention, Please," his public warning of imminent nuclear attack, 1918 is the shattering hinge of selection which swings through honour and horror. "All a poet can do today is warn," Wilfred Owen scribbled in notes two poems found on his body in 1918. It still is.

GAY FIRTH

A cartoon of embassy life in Lower Africa is my choice for my Book of the Year. Short of Glory by Alan Judy (Hodder and Stoughton £9.95) describes Patrick Stubbs' first diplomatic mission abroad, where embassy plans and actions seem to be out of synchrony and misunderstandings rather than the bizarre. It is a wonderland of bureaucracy with the brilliant but dotty ambassador a plausible Mad Hatter. Patrick's plight is complicated by his obstinately moral attitude in support of his black servants, Sarah and Deuteronomy and his perhaps less than moral designs in pursuit of the mistress of the Lower African Chief of Police. These ingredients for disaster bubble away below the surface comedy and finally erupt.

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FINANCIAL TIMES SURVEY

Saturday December 1 1984

European Agriculture

After a traumatic year attempting to tackle the butter mountain, the EEC farm ministers must continue to walk the tightrope of CAP reform without provoking further protests at home

Pressures on farming

BY IVO DAWNAY

EUROPEAN agriculture's most prodigal year has also been its most traumatic. Next year promises more of both.

This week the European Community's foreign ministers were preparing to agree a formula to apply a financial surcharge to non-Community agricultural products. But the measure amounted only to a patch-up, not surgery.

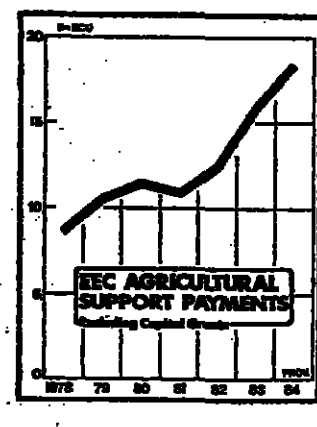
Moreover, the disease of unsaleable surpluses has barely been treated, let alone cured. If radical action is not rapidly applied to contain the bills, either the new regulations will be ignored or the CAP will fall apart in a welter of national measures aimed at filling the gap the Community can no longer financially support.

The dramatic choices that face the EEC and the vigorous period of belt-tightening threatening farmers is largely not the fault of the CAP managers in the European Commission, but of its political masters on the farm ministers' council.

For years they have ignored the Cassandra-like warnings of the Commission, preferring to operate as crisis managers rather than agents of reform. The consequences were reaped this year in widespread demonstrations and civil disorders leaving more than one minister temporarily trapped by mobs.

But the chances are that the forthcoming price-fixing in March will once again dodge the principal issues.

The "budgetary discipline" agreement accepted in outline last month means that this may be the last opportunity to set



prices free of a financial ceiling on farm spending, imposed as a percentage of total Community resources. And though the deal is riddled with loopholes, the principle that the farm budget should rise at a level less than the increase in the Community's revenues remains intact.

The deal, however, means that the proportion of the total budget spent on agriculture in 1984-85 and 1985-86 will become a permanent fixture. Conservative estimates put this year's total at Ecu 18.3bn, or Ecu 1.8bn over budget.

Next year's estimates vary between Ecu 19bn and just under Ecu 20bn. The fact that spending in two years has breached the limit on Community income and, therefore, involves emergency support aid from national exchequers, casts doubts on the Community's ability to obey even its own collective decisions.

But if the headline figures are roughly agreed, the means of restraining farm spending within the limits is not. Furthermore, the nature of the CAP's mechanisms—export subsidies, minimum price agreements etc.—are open ended and limitless.

Factors outside the farm ministers' control, such as a slump in the value of the dollar, the world agricultural currency and thus the determinant of EEC export subsidy costs, could send expenditure through the roof.

The budget discipline rules have taped down the financial safety valve on the CAP boiler while the flames of expenditure are burning beneath more vigorously than ever.

Farmers tempted to argue that this is a problem for the economists were forced to think again last March, when the farm ministers took first hesitant steps on the path to reform.

The first and most fundamental point the March meeting established was the EEC agreement that no longer would farmers enjoy open-ended support regardless of whether or not a market for their surplus produce existed.

Secondly, it defined guarantee thresholds, or ceilings, as the main weapon of reform. Last, and perhaps least convincingly, it accepted that vigorous price control would be the second line of defence against spiralling costs.

But the most visible not to say painful demonstration of these moves came in agreeing



the "superlevy" on milk production aimed at cutting Community production by 7 per cent. (Even then the regime will cost about Ecu 3.4bn this year.)

Member states have been wriggling to get off their self-made hook of the superlevy. Seven-months after its introduction, not a penny has yet been paid, three delays to payments have been agreed by the Commission and the desk of M Claude Villain, the director-general is piled with dossiers on alleged rule-breaking.

"We are like policemen trying to enforce the speed limits," says a Commission official responsible for the scheme. "You have got to give some leeway."

Nevertheless, the problem of the Commission's credibility has once again been raised.

If milk production has been incinerated by the farm ministers' new realism, cereals are under a suspended sentence. Guarantee thresholds are in place and will trigger a 5 per cent price reduction after this year's record 145m tonne

harvest.

The problem is that this figure is purely notional, as ministers ultimately fix the price. Brussels observers are convinced that the West Germans will not allow a cut of more than 2 or 3 per cent, leaving the incentive for farmers to over-produce stronger than ever.

Agricultural economists believe that even a politically unacceptable 20 per cent price cut would rein in only 8 per cent of production. In spite of some effective Commission measures, like delays to payments for stocks sold to Community stores, something eventually will have to be done.

Already the first whispers of production restraints on cereals—dismissed as unthinkable for milk only four years ago—are being heard in Brussels' corridors.

Another alarming development for farmers and budget-makers is the growth in the costs of Mediterranean products, an area certain to expand more rapidly when Spain and Portugal join the Community.

The fruit and vegetable

regime, for example, is expected to cost some Ecu 650m this year, 12 times the cost of six years ago. Olive oil support has gone up fivefold in the same period.

But the most urgent sector is wine, where a 2bn litre a year surplus is costing the EEC up to Ecu 1.2bn in support. Applying the new guarantee threshold principles, the Commission has proposed compulsory distillation of the surplus. But Italy has steadfastly refused to accept this.

Italy's objections centre on fears that its reasonable quality table wine will be penalised to support poor French produce. However, Paris would like to protect its wine with national quotas, a reflection of the growing French interest in "renationalising" CAP problems where this is an advantage.

It is this tendency to unilateral action by member states that is preoccupying the Commission, especially as last month France sought to by-pass the Brussels executive by seeking unanimous ministerial support for a FFr 400m programme of

national aid for beef producers.

The first and most flagrant step down this path came from the usually community-minded Germans. Dr Gerhard Stoltenberg, finance minister, forced through an exclusive 5 per cent price rise for his farmers, costing his exchequer DM 3bn, at the Fontainebleau summit in June.

The political tightrope the Commission must walk involves forcing through reforms without further breaches. The greatest problem may not be far off when the next EMS currency realignment takes place.

As a result of agricultural changes agreed in March, any revaluation of the D-Mark against other EEC currencies will involve increased payments in national currencies to all but German farmers—something Bonn may find hard to swallow.

These are all, though nightmarish in their implications, the short term problems for the Community—farmer, consumer and taxpayer alike. In a longer term perspective, the traumas set to rage over the coming few years must, somehow be resolved.

If this means a further shake-out in agricultural employment before declining farm incomes are restored, budgetary pressure will dictate it. Greater scale reforms restricting, for example, some payments to smaller producers alone may also be necessary. A greater emphasis on structural planning is thought to be essential.

As one commentator noted: "No treasury in Europe is looking to fork out more for farmers when they account for only 1 per cent of the workforce."

That may, on past form, prove premature as the farm lobby demonstrates an impressive disproportionate measure of political muscle.

But as Mr Graham Avery, Commission farm finance expert, wrote in a Chatham House paper: "It is an exaggeration to say that the word 'reform' has become acceptable to policy maker and ministers of agriculture whereas its use was previously reserved to hostile critics of the CAP."

That, at least, is progress.

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Ariane. A view from above.

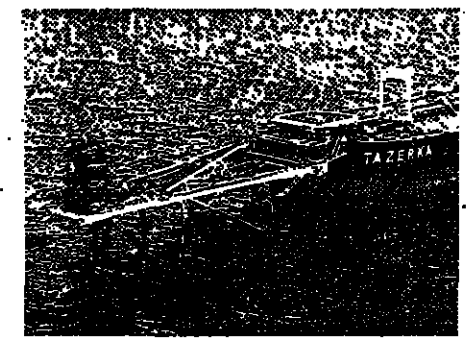
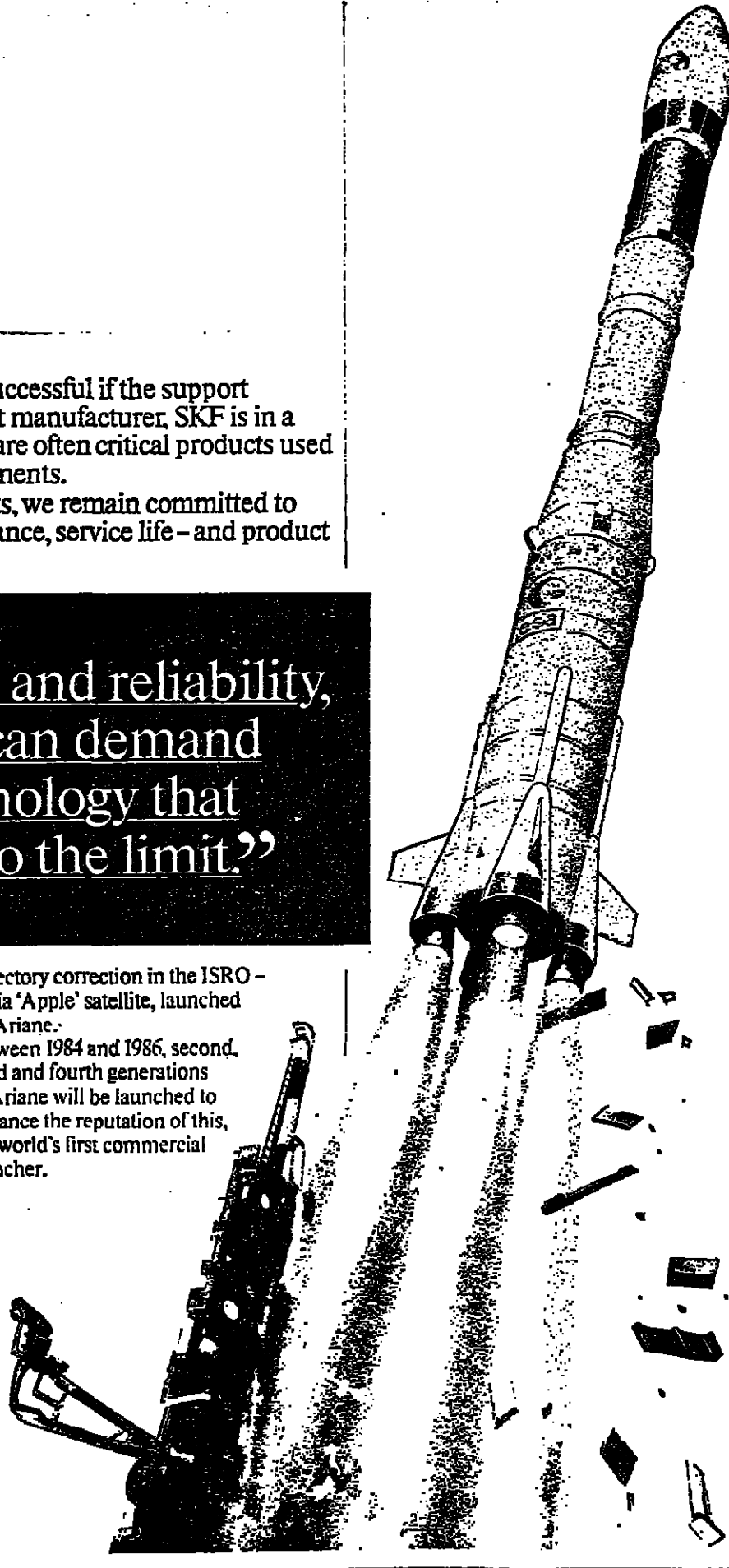
During this decade, some 200 geostationary satellites are expected to be launched, a high number of these for communications. To compete for a proportion of this commercial launcher market and establish an independent launching capability for its own scientific satellites, the European Space Agency (ESA) decided in 1973 to develop the Ariane launcher.

The three-stage, 47.8m high Ariane 1 weighs 210 tonnes at lift-off. Propellant constitutes 90% of the mass, the structures and payload accounting for about 9% and 1% respectively.

SKF companies such as Sarma, ADR and Transrol are all involved in world space projects. In Europe, for instance, Sarma provides ESA's Ariane with brace struts and actuating rods. And ADR supplies high-tech miniature bearings for precision applications such as the momentum wheel in inertia gyroscopes as used for

trajectory correction in the ISRO - India 'Apple' satellite, launched by Ariane.

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Just off the Mediterranean's Tunisian coast lies the 1.2 million-barrel Tazerka oil production storage and off-loading facility operated by Shell Tunirex. This integrated multi-well (max. 8) unit is one of some 150 custom-designed offshore system contracts carried out by Switzerland-based Single Buoy Moorings (SBM Inc.).

The floating unit is moored in 140m of water by a rigid yoke structure attached to an above-water swivel assembly. A tubular riser, pre-tensioned by the yoke's submerged buoyancy tank, connects the assembly to a seabed gravity base and acts as a support for product, control and service lines.

The swivel arrangement includes a main 4.5-metre diameter, 13.6-tonne triple-row roller bearing of special steel, a similar 4.2-metre/3.5-tonne turntable bearing, and six 1.5m bearings. All of which help the vessel to weather-vane - swinging to minimize resistance to wind, waves and current. All are special duty sealed bearings from RKS - slewing ring specialists of SKF.

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Uncommon usage has led Unimog to an uncommon SKF wheel bearing solution: the new type SU cylindrical roller bearing that will cope with all directional heavy forces likely to arise - a fitting complement to the SKF taper, cylindrical and ball bearings in the gearbox, differential and elsewhere.

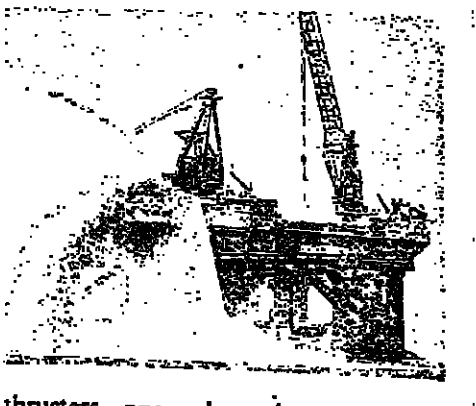


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"Keeping station" against wind, waves and current is a safety critical factor in Consafe Offshore's Multi-purpose Support Vessel.

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Marine propeller specialists KaMeWa supplied the DP propulsion units: 2 x 1,500kW fixed thrusters for the starboard pontoon, and 4 x 2,400kW rotatable



thrusters - one under each column. SKF self-aligning CC roller bearings support the critical torque transmission shaft from the electric motor. They are also used on the main thruster input and propeller drive shafts.

European Agriculture 2

Newcomers will stir up expensive brew

STIRRING SPANISH and Portuguese interests into the Common Agricultural Policy brew will be like adding a jug of Sangria. Lots of wine, plenty of fruit and vegetables and a distinct after taste of olive oil.

It will be also a great deal more expensive. According to a 1983 study, Portuguese entry may have a marginally positive effect on agricultural spending. But Spain would add Ecu 1.12bn to the farm bill when transition arrangements are completed.

Today, those figures are certain to be revised upwards, adding to the anxiety that "southern" agricultural products have recently provoked.

That is not to say that these costs will be incurred by the CAP immediately. The grumbling negotiations that have dragged on between Spain and the EEC throughout the year will define the exact terms farmers in the Community and the candidate countries must endure if accession is to go ahead as planned on January 1, 1986.

The process of reaching a consensus among the member States means the final offer will be tough. And as foreign ministers this week again struggled through the agenda in Brussels, it was clear that Spanish tolerance would be stretched to the limit.

The trend towards higher EEC expenditure on Mediterranean products has been apparent since the late 1970s. Increased spending on wine, olive oil, processed and fresh fruit and vegetables and other Mediterranean produce took the share of EEC farm spending on this sector from 8.9 per cent in 1978 to more than 25 per cent in 1983.

Italy, once a net contributor to the EEC's farm budget, is already the CAP's biggest beneficiary. Half way through 1984, Rome was taking about 24 per cent of the Community's monthly allocations for farm spending, although part of this increase is due to growing expenditure on subsidies for "northern products."

Northern member states' fears are shared by the European Commission. As Mr Peter Pooley, the Commission's deputy director-general for agriculture, said: "The danger, in times of budgetary discipline, of the Common Agricultural Policy being burst wide open

comes from south of the Alps and the Pyrenees." Wine alone will cost more than £600m in 1984 and the cost is still rising. Tobacco support will cost about £470m this year.

The Community does not have an olive oil surplus, though the regime will anyway cost £333m this year. European Commission figures show that the EEC of 10 states was, on average 96 per cent self-sufficient in olive oil between 1975 and 1981. Over the same period, an EEC of 12 would have had a relatively small surplus of 7 per cent of production.

If Spain joined under existing Community rules, the relative low price of competing oils would dramatically reduce Spanish consumption of olive oil, and the surplus would rise. Meanwhile, high EEC support prices for farmers would increase Spanish production.

Enlargement

JONATHAN BRAUDE

In the wine sector, the EEC is awash with a 30 per cent surplus of unsaleable and often undrinkable table wines. The cost of this surplus is expected to soar once or if Spanish producers enjoy the same support now granted to wine growers in the Ten.

Spain's restrictions on new plantings, irrigation and other yield-enhancing measures are rigorous—and it has agreed to keep them intact until reform of the Community rules is agreed.

But even at today's production levels, some estimates suggest that Spanish Community membership could boost EEC table wine output by as much as 25 percentage points. With a little coaxing Spanish production could be lifted by as much as 40 per cent.

This threat provides motive enough for tough measures against existing spendthrift EEC rules. But the internal negotiations of the Community are deadlocked over a wedge between France and Italy on how restrictions should be introduced. Perhaps the most crucial

sector, both for Spain and the EEC, is fruit and vegetables. Here Spain has its most obvious competitive advantage and the greatest moral arguments for freer access.

In spite of heavy tariff restrictions, and a spiteful increase in the levies last spring, the Spanish already command a substantial portion of the Community market.

In citrus fruit, the most important sector, Spain provides about 40 per cent of Community demand. Yet the Community has insisted that restrictions should remain in force for four years after accession followed by a gradual winding down.

Spain has argued, with muted support from some member states, that this is punitive, adding that free access should be allowed more quickly for citrus. But France, determined to shore up and reform its less efficient fruit and vegetable producers, believes all products should face a 10-year transition.

Conversely, the Community appears determined that sales of milk, cereals and meat into Spain's traditionally heavily restricted market should be smoothly phased in from the outset, with a "surveillance committee" to reintroduce protective measures if domestic producers are damaged.

This unequal treatment is provocative to Spain—but political pressures for an agreement may force it to accept.

In the longer term, the Iberian countries can hope only that the bogged down talks on Integrated Mediterranean Programmes aimed at comprehensive structural aids to depressed regions will give with one hand what has been taken away with the other.

One inside the Community, Madrid may also hope that its main rivals and competitors in the talks—Italy, Greece and to some extent France—will become allies in the battle for benefits against the north.

But the talks are barely begun, and it may be that the January 1, 1986 accession will be put back.

For the Community as a whole, agonising over the impact of enlargement on the already strained farm sector can be harnessed as a motive force for thoroughgoing reform.

It remains to be seen whether they will take the opportunity.



Soaring output raises prospect of glut



Cereals

JOHN CHERRINGTON

EEC CEREAL farmers have made dramatic strides in production in recent years, and could soon be faced with problems of disposal all too common in the milk sector and elsewhere.

The impending problem has been illustrated with great clarity by this year's record harvest all over the Community.

Although the area devoted to grain has remained static at around 28m hectares, yields have increased substantially over 20 years. From being a net importer until the early 1960s, the EEC now has a stable exportable surplus, particularly of wheat, and will have to pay substantial storage and disposal costs in the future.

Production of grains was 76m tonnes in 1960-64; 107m tonnes in 1970-73 and 121m tonnes in 1983. The 1984 harvest crop is estimated at up to 148m tonnes and there are now projections that by 1989 output will be 155m tonnes.

This may be a slightly optimistic forecast, as the jump to the 1984 figure was undoubtedly partly caused by seasonal factors. The previous highest figure was 130m tonnes in 1982. But the underlying trend is quite clear.

This output surge, far higher than anything seen elsewhere in the world, was effected by guaranteeing farmers price levels at least 30 per cent higher than those on world markets over most of the period. These

open-ended guarantees—they were until recently quite unlimited—stimulated high input, high-cost husbandry systems. These seemed to suit the climate of Western Europe including the British Isles, falsifying the belief that grain was for the North American prairies and other extensive areas.

These systems have particularly suited wheat and the plant breeders have assisted by supplying varieties which out-yield any available a quarter of a century ago. So much so that total EEC wheat output in 1984 at 70m tonnes exceeds that of the U.S. for the first time.

Disposal

Unfortunately, disposal has not kept pace with production in anything like the same degree. Last year's crop was cleared with the help of exports of about 14m tonnes, mainly of wheat. But this was only with the aid of substantial restitutions or export subsidies to make the grain competitive with world prices denominated in U.S. dollars.

This year there have been hopes that the strength of the dollar in relation to European currencies would make it possible for wheat to be exported without these subsidies. For six weeks none were awarded and there were few exports. Barley exports from the Community have been carrying a subsidy all the time.

Export subsidies for wheat were reintroduced on November 9 and there has been a flurry of activity since, but mainly from France. The UK, which has gathered the biggest harvest ever of 26m tonnes, could be left with a surplus of more than 5m tonnes, which will be placed in intervention price. It will probably weigh down on the market for 1985/6.

The French have the advantage of a long experience of wheat exporting greatly assisted and guided by both producer

and government interests. Britain on the other hand has only come late into the grain export game. Until recently there were few export facilities, and the trade appears to be dominated by the major international shippers.

In any case, the international wheat market is just over 100m tonnes, of which the EEC has about 14m tonnes. The Community has vowed to limit itself to this share under the General Agreement on Tariffs and Trade, although it has also made clear that it will not feel bound by this commitment if it can export more without paying export subsidies.

There seems to be little opportunity to enlarge the world wheat market, and it is doubtful if the level would be sustained if the Soviet Union could get its farming right, which is bound to happen one day. Some 25 per cent of all world grain exports go there.

The UK surplus wheat is mainly of the feed varieties. Competition for exports is from U.S. maize, which looks like being in substantial surplus now that the "Payment in kind" programme has come to an end. In dollar terms, maize is cheaper than EEC soft wheat, and this is certain to inhibit exports of feed wheat varieties unless export restitutions can be raised.

The prospects for increased consumption within the Community are slight. Any trimming of the imports of so called "cereal substitutes" would be offset by reduced demand for animal feed due to the milk quota. Nevertheless, production is almost certain to continue its rising trend. The EEC has a mechanism of reducing the intervention price as production goes beyond accepted limits.

Already this year there is expected to be a fall in price under this formula of about 5 per cent, which could be offset by any price rise agreed next spring.

The theory behind reducing prices is that farmers would gradually be induced to produce less. But this could be wishful thinking: many think that price reductions simply stimulate higher output.

There is evidence for this in recent UK experience. Over the last five years the real export price of wheat has fallen by 24 per cent while output has gone up by 48 per cent and real revenue by 10 per cent.

The alternative would be to increase controls or production quotas to the principle of which the UK Government is adamantly opposed. But so they were to milk quotas.

Cereals look to be the next Community battlefield in the struggle to cut the costs of the Common Agricultural Policy.

Another mountain looms over the Community



Beef

ANDREW GOWERS

MANAGING the EEC's Common Agricultural Policy must be an exasperating business, a bit like trying to squeeze a resilient balloon: the moment you dent it in one place, it expands in another.

So it is with milk and beef. No sooner did the Community think it was getting a grip on its runaway milk production than beef output started to race out of control.

The reason is apparently simple: EEC quotas on milk coupled with a variety of aid schemes in different member states to encourage dairy farmers to cut their milking herds, have caused a wave of cow slaughtering and a flood of beef on to the market.

But the explanation goes deeper. Even without milk quotas, beef production would be on a rising trend this year and next, reflecting a cyclical upturn in cattle numbers.

Britain's Meat and Livestock Commission estimates that an extra 500,000 to 600,000 calves could be slaughtered in the EEC by the end of 1985 because of the dairy cuts—not to mention all the dairy heifers who will not now be allowed to proceed to cowhood.

Combined with the increasing production of so-called "clean" or non-dairy beef, that points to a 5 per cent increase in beef and veal output in the Community this year to a record 7.26m tonnes and a further 1 per cent rise in 1985, says the MLC.

As a result, market prices have been tumbling and the EEC's intervention stocks of beef have risen precipitously this year. The beef mountain is the Community's latest headache, competing for space with the 1.2m-tonne butter mountain and huge and growing stocks of cereals.

At the end of October, stocks totalled 547,000 tonnes, some 50 per cent more than a year earlier. It had already outgrown the Community's cold stores.

The effect of the increased supply is acute because it is concentrated in a few key countries—generally those where milk quotas have hit hardest or those where most of the beef comes from dairy herds. In West Germany for example, beef production is expected to rise at least 7 per cent this year, while the increase is likely to be 9 per cent in the Netherlands and 10 per cent in the UK.

Export markets may become less receptive as economic recovery falters or declining oil revenues in countries like Saudi Arabia work their way through to lower living standards. The Soviet Union, another key player in the world market, may reduce its meat imports owing to increased domestic production according to the General Agreement on Tariffs and Trade.

Consumption within the Community is likely to suffer from slow economic growth. Beef is relatively expensive; it has been losing market share to cheaper white meats such as pork and poultry for some years.

The European Commission has forecast a 3.7 per cent increase in consumption this year—but that it is largely because of the drop in prices caused by milk quotas. The long-term trend is down: between 1979 and 1983, consumption within the Community dropped from 26 kg to 24 kg a head.

The increasing attention to healthy eating and the dangers of animal fat, particularly in Britain, will intensify this drift.

Surveying all these developments, Agra-Europe, the agricultural information service, reached the gloomy conclusion that the EEC beef market was in a state of "increasingly chronic surplus."

Could this be the CAP problem for the end of the 1980s?

Payments

In spite of howls of anguish from livestock producers in several member-states, Community support for the sector has remained limited—for the same financial reasons as those afflicting other sectors of the CAP.

Not is there any sign of an increase in official support next year. Indeed, the special assistance granted to UK producers has been reduced in scope and may be cut further. British farmers fear that variable premium payments they receive to make up returns from selling steer beef—cut to 8.75p per kilogram earlier this year—may disappear in the forthcoming farm price-fixing negotiations.

In France the Government has come under strong pressure from beef producers to give national aid—although EEC agriculture ministers vetoed France's request that it be allowed to grant them FFf 400m two weeks ago.

In the meantime, the Community appears to be clinging to the hope that the over-supply from culling of dairy cows will be a temporary bulge rather than a more lasting glut. This year EEC producers are

being saved from the worst consequences of the surplus by developments outside the Community. Exports of beef to other countries are expected to rise about 16 per cent this year to at least 700,000 tonnes.

This is not a reflection of buoyant demand on the world market. Rather it indicates that there is not much competition.

The MLC expects increased EEC output this year to be partly offset by stagnant production and exports elsewhere. The world total will probably reach 35.9m tonnes, compared with last year's 35.5m. Output is depressed in Australia, New Zealand and the U.S., largely for cyclical reasons, while Argentina cannot ship as much beef as it would like to owing to low prices and a tax on exports.

Consumption

This happy state of affairs will not last for ever. Awareness of this means disturbing questions are now being asked about the longer-term outlook.

The prospects for the EEC do not look rosy:

- A cyclical recovery in production is under way in the U.S., Canada, Australia and New Zealand, although the Organisation for Economic Co-operation and Development does not expect it to be as vigorous as others since World War II.
- Export markets may become less receptive as economic recovery falters or declining oil revenues in countries like Saudi Arabia work their way through to lower living standards. The Soviet Union, another key player in the world market, may reduce its meat imports owing to increased domestic production according to the General Agreement on Tariffs and Trade.
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British producers needed ever larger payments to bring their income up to the level guaranteed by the Community.

"The Community budget is obliged to bear a heavy charge to support this system, and the available evidence suggests that this charge will continue to increase in future years," the report said, before concluding damningly that the regime was "not easy to reconcile with the principles of sound financial management."

The Court's apparent answer to the problem was to blame imports—although New Zealand always ships considerably less than its quota of 245,000 tonnes to the Community.

The Commission did propose cost-cutting measures earlier this year.

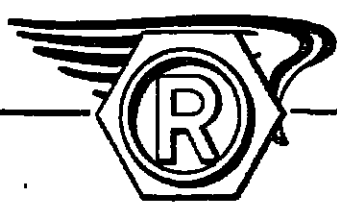
One, an alteration to the seasonal pattern of payments to producers, was adopted—something to the chagrin of British sheep farmers. The other, a plan to put a ceiling on the so-called "variable premium" payments which made up the vast bulk of the money spent under the regime, was firmly squashed by the British Government.

Whitehall officials emphatic that they are not alone in advocating the retention of the variable premium as it is, the French, too, have a considerable interest.

With a balance of power like that, there seems little prospect of fundamental change.

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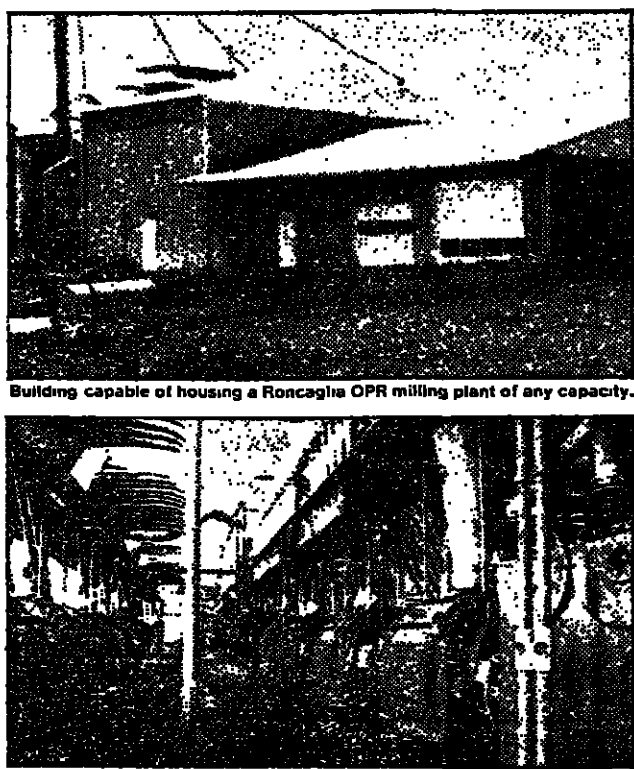


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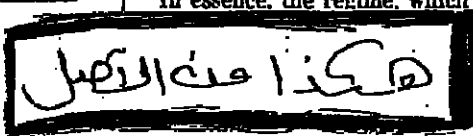
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European Agriculture 3

Milk turns sour for farmers and feeders

FOR THE EEC's milk producers, 1984 will be remembered as the year that changed the ground rules. After years of expanding production far in excess of demand, they were told the party had to stop.

The shock which quota restrictions on output caused for dairy farmers in several Community countries can scarcely be overstated, and it will continue to be felt for quite some time. The effect on manufacturers of animal feeds, milking machinery and other equipment also has been severe, and in some cases catastrophic.

The dairy problem was not new. Milk production had been in considerable surplus since before the entry of Britain, Ireland and Denmark into the Community. For several years intervention buying and subsidised disposal of dairy products have been gobbling up most of the Community's increasing farm budget.

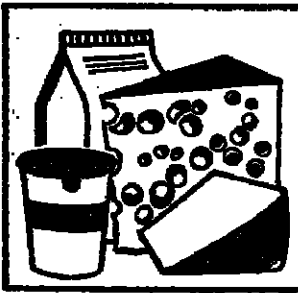
The EEC tried schemes through the 1970s and early 1980s to restrain growth in production. These included payments to slaughter dairy cows; imposition of "co-responsibility levies" under which farmers contributed towards the disposal of surpluses; and "guarantee thresholds" which would trigger price cuts if a certain level of production was exceeded.

None succeeded in stemming the inexorable rise of butter and skimmed-milk powder mountains, while demand for dairy products was stagnant or in decline.

With open-ended purchasing by the authorities, prices were still sufficiently attractive to encourage farmers to expand production.

By last year EEC stocks of skimmed-milk powder exceeded 1m tonnes, and butter was moving towards that level (they now total about 1.2m tonnes). Dumping of these on the world market was causing growing irritation to other dairy exporters such as the U.S. and New Zealand.

If nothing had been done to curb production, the European Commission was forecasting that EEC milk output would have reached 108m tonnes this year, about 28 per cent above estimated internal demand of 87m tonnes.



Dairying

ANDREW GOWERS

But it was the threatened bankruptcy of the Community in 1983 which provided the spur to action. But the question remained whether to restrain production with physical limits or through substantial reductions in the price.

As early as July last year the Commission concluded that a big enough price cut was not possible. Even if it were, its effect on production would not be sufficiently immediate to avert the financial crunch.

Sceptical

The rest is history. After negotiations that were difficult even by the standards of EEC farm price talks, and amid political storms in several states, members agreed to set a ceiling of 99.5m tonnes on milk production and charge punitive "superlevies" on farmers or dairies exceeding this quota.

The arrangement was to last five years, with a further 1 per cent cut in production planned for next year.

Suddenly, in spite of the scepticism after previous failed reforms, it was clear that EEC governments meant business in reining in farm spending. That came as a revelation—especially to farmers, who had reason to be more sceptical than most. Until the last moment, many in the industry had been expecting tough action on prices or, at worst, a deferred quota arrangement in 1985.

It was almost inconceivable to most farmers that they should be asked abruptly to alter all established practice in a business which does not re-

pond well to sudden change.

Predictably, the response has been varied, reflecting in part that different states were told to cut output by differing amounts.

But growth in production has in most cases been checked. Overall, according to Commission figures, EEC milk output between April—when the regime was introduced—and September was 2.7 per cent below the same months of 1983. That compares with a target reduction of 4.3 per cent for the whole marketing year.

By March, production may come closer to target as farmers in key countries like France reduce the size of their herds.

Reaction has been most severe in Britain, which emerged among the worst off from the quota negotiations, largely because its milk production expanded at a furious rate in the past few years.

Such was British dairy farmers' surprise at the quotas, they panicked and drastically cut output in April and May. Then drought in the West country kept production low through the summer months.

Overall, output in the UK has plunged about 9 per cent below its 1983 level since April. It is doubtful whether Britain will come up to its quota for the year as a whole, which farmers fear could have grave implications for the amount they will be allowed in 1985-86.

Production ceilings have transformed overnight the business of running a dairy farm. No longer can dairymen—caught, like most farmers, in a pincer movement between rising real costs and falling or stagnant real prices—maintain returns by boosting output.

Instead, new skills of management are required in an industry where exact management has never been a particular strength. With production constant, their only option is to seek to reduce costs, either by culling cows or feeding animals less cattle-cake.

Either way, it means less business for animal feed manufacturers who in Britain have seen a drop of 10 per cent or more in their market—and for makers of milking machinery. That market, which has seen a bonanza in recent years, virtu-



Farmers protest in London about quota restrictions

EEC Dairy Output

Percentage change between April-September 1983 and 1984			
	Milk	Butter	Target for Year
Belgium	-2.0	-7.5	-4.0
Denmark	-5.8	-24.8	-6.6
W. Germany	-4.3	-9.9	-7.8
France	+0.1	-3.2	-2.5
Greece	+0.7	+28.0	+10.0
Ireland	+4.6*	+7.3	+1.7
Italy	+1.1	+1.8	-2.6
Luxembourg	+5.6	+3.9	+3.7
Netherlands	-4.5	-15.3	-6.8
UK	-8.9	-18.4	-6.5
Total EEC	-2.7	-8.0	-4.2

* April to June.

Source: European Commission

ally stopped dead in April, according to industry executives.

Efficient dairy farmers with sound finances can make a reasonable living under quotas. Those who have hit trouble in Britain have rashly expanded in recent years with generous but expensive bank loans. Or they are small, relatively inefficient producers.

Several governments have set up schemes channelling special aid to small farmers, encouraging them to slaughter cows or quit milk production. In Britain, the hope is that "golden handshakes" will free quotas for larger producers to use.

The implementation of quotas is fraught with problems. There are rigidities built into the system: for example, quotas cannot be traded separately because they are attached to land and not producers. It is difficult for efficient, least-cost

farmers to expand, and inefficient producers may be "locked in."

There is talk of changing these anomalies, or at least of introducing more flexibility.

But these are technicalities. The big question is political: will governments be able to carry the measures through in the face of protests at home? This is of crucial importance not just for the milk regime but for the Community's entire efforts at reform of the Common Agricultural Policy. Plans to cut cereal production, for example, largely stand or fall on the success of milk quotas.

Backslides

It needs only one weak pillar to bring the entire edifice tumbling.

The UK, conscious of the agony of adjustment its farmers are going through, is adamant that it will not pay superlevy if

any other state backslides—although the threat has limited relevance this year, as only Northern Ireland is likely to be liable for levy. West Germany and the Netherlands are also unhappy that not enough is being done to enforce the rules.

Fears that the tapestry was beginning to unravel were raised last month when France said it could not collect its superlevy because it did not have the administrative machinery.

After a predictable Community row, other ministers proposed that collection of the levy for over-production in April to September should be delayed until February for everyone. The Commission settled for a delay until December.

At the same time, the Commission has signalled its disquiet by opening legal proceedings against France, Italy, Denmark and Ireland for failing to obey quota regulations.

Italy has caused concern because of the slowness with which it has moved and because of a suggestion that the government will pay any levy for which its farmers are liable. Ireland is rocking the boat by demanding a higher quota because of what it says was a mistake in calculating output last year.

The situation is precarious, and any or all of these developments could cause a major Community dispute next year. Fingers are crossed in Brussels that the glue will set firm on the system.

If not, if the EEC cannot apply a system which institutionalises production at a level more than 10 per cent above demand, there is little hope for any reform.

Quotas: a fight to enforce law

ALTHOUGH basically a simple idea, the milk quota system had taken on a characteristically Byzantine complexity by the time it had been batted back and forth between EEC ministers.

In implementing it, member states were offered national production totals, or "reference quantities," and a series of choices. They could apply quotas to each producer, or fix the quota for purchasers of milk—such as the UK Milk Marketing Board's. They could also choose between basing the quotas on 1981 production plus 1 per cent, or 1983 production minus an appropriate amount.

Most have chosen the latter path, because of the fast expansion of dairy industries in recent years.

The regulations also provide for "special cases"—farmers who can be allocated additional production within the national total because they had been planning to expand when quotas were imposed or because their output in the chosen base year was distorted by disaster or disease.

Smallholders

So complex are the rules that most member states are nowhere near completing the administrative arrangements to carry them out. Where they are reasonably well advanced, a number have tried stratagems which the European Commission suspects are designed to soften the blow of quotas or enable their farmers to sell more milk.

The four suspects identified are: ● Italy, which has acted very slowly. All it has done is announce a L120bn scheme to encourage farmers to reduce milking herds by slaughtering or putting cows to other uses, such as beef production.

Rome says the quota system would be impossible to administer among the country's thousands of smallholders, many in remote areas. The Government also says that as Italian milk production meets only 70 per cent of the country's needs, a quota system would penalise its development.

● France is being investigated by the Commission to see whether it is seeking to offset below-quota output in one region with over-production in another—a move which would conflict with its obligation to apply quotas dairy by dairy. The Commission believes in all these cases that quotas must be enforced as the stand. It fears that if allows any deviation from the rules, however apparent trifling, it could lead to their collapse. This explains why has given short shrift to requests from states for adjustments.

● Britain, for example, wants a more flexible approach to producers delivering milk to dairies and consumers. Other countries pressing request for minor changes include France, Belgium, West Germany and the Netherlands.

However, Italy has said it is prepared to pay the superlevy if the country as a whole exceeds its quota—rather than impose it on individual farmers who over-produce. The European Commission and other states, including Britain, say this conflict with the principle of quotas, as it gives individual farmers no incentive to reduce output.

When quotas were agreed earlier this year, Italy was given a year's grace to devise regulations.

Adjustment

● Denmark is believed to have transgressed by setting up a national dairy purchasing organisation which may conflict with the country's undertaking to apply quotas at dairy level. This organisation may enable Denmark to set up a "national quota" similar to that in England and Wales. The Commission suspects it is not bona fide, and merely exists on paper. ● Ireland has also asked the Commission for a similar organisation. In addition Dublin is taking the Commission to court in pursuit of its claim for an adjustment of its quota.

The Irish insist that the should be allowed to produce almost 60,000 tonnes more than was agreed in the quota negotiations.

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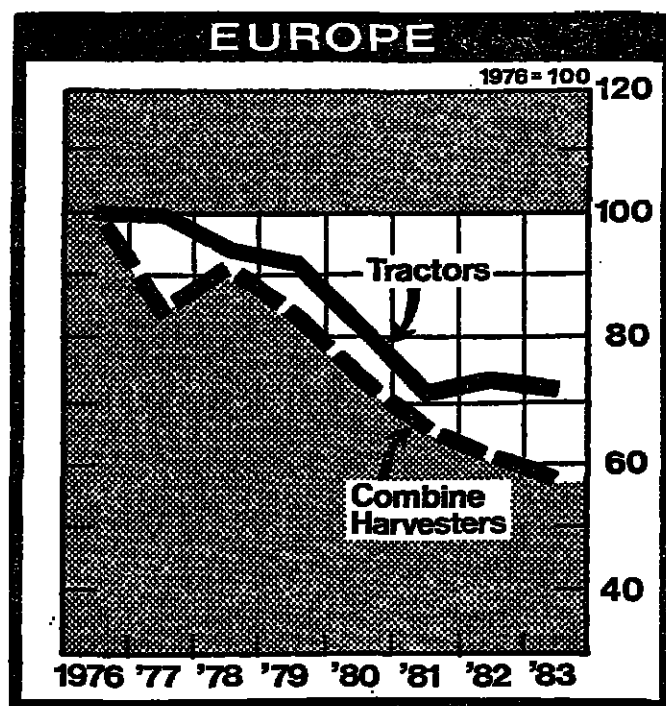
European Agriculture 4

Overcrowded ranks set for thinning

Machinery IAN RODGER

THE OVERCROWDED European agricultural equipment industry has managed to stagger through another difficult year but at least it looks as if restructuring is about to start. This week International Harvester announced it was withdrawing from the farm equipment business and selling most of its assets in this sector to Tenneco, the parent company of J. I. Case, for \$430m.

stances, some producers have tried to maintain sales volumes by reducing prices, and so the market has remained in disarray, as it has for four years or so. However, for all the discounting, there is little evidence of significant changes in market shares. European markets continue to be highly fragmented. In the U.S., the top three tractor producers account for about two-thirds of the market: in Europe, the top three account for only one-third. National suppliers are strong in most countries. For example, Renault is the market leader in France with nearly 20 per cent, while Deutz has a similar share in West Germany.



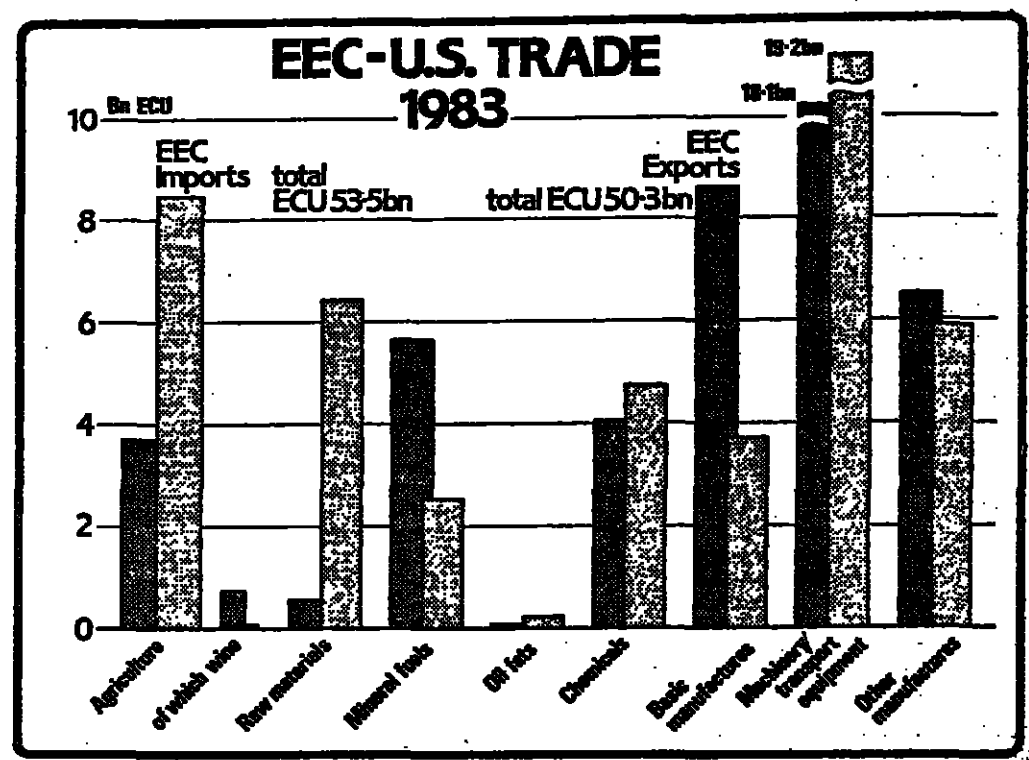
From 10,000 to 4,000 at its Coventry plant. Volvo of Sweden has sold its tractor business to Valmet of Finland. This year France has been the main focus of restructuring. The French tractor industry has been in trouble for some time, mainly because of obstacles the producers faced in trying to reduce workforces as demand has declined. Until it was closed last June, Massey's combine-harvester factory at Marquette, for example, was losing about \$20m a year.

Rise in transatlantic tension

Trade IVO DAWNAY

THE roller-coaster of international trade relations was operating with more than usual violence at the Geneva offices of the General Agreement on Tariffs and Trade last month. Within 24 hours of the ink drying on a historic agreement to examine wide-ranging reform of farm trade, the EEC had won the reluctant agreement of its partners to drive a bulldozer through the minimum dairy price agreement with a 100,000 tonne sale of cheap butter to the Soviet Union.

the argument, owing to provisions in the Omnibus Trade Act passed by Congress. In spite of the agreement in Gatt to examine the trade in farm products, there is every likelihood that these, and other as yet unseen frictions, will continue into the new year. The re-election of President Reagan is being read in Brussels as spelling a further period of pressure on U.S. farmers, in spite of much-publicised bankruptcies of a number of small agricultural savings banks in the Mid-west.



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John Cherrington gives a personal view of underlying conflicts Farmers linked by mutual mistrust

Politics THE ONLY common attitude among different national farming groups in the EEC is a deep and abiding suspicion that the farmers of every other member country in the Community are out to do them down. Hence the Franco-British lamb war, the turkey war, the Italian-French wine war and many other expressions of the physical rejection of the aims, ideals and rules of a common market.



French winegrowers demonstrate against the entry of Spain to the EEC

the quotas already imposed harder to bear and will lead to anger at the next ministerial meeting. These multilateral aggravations are being augmented by the steady rise in surpluses and the arguments over who pays. The budget agreement indicates that nothing has been done to limit expenditure and to discipline overproducers, other than for milk. Even here it seems that some governments are intervening to make things easier for their own farmers.

Quartelling Farmers and the Minister of Agriculture in Britain are furious that the milk quota misery is being softened by national help in certain countries. French cereals growers are also getting special help to export.

But to the fury of German farmers, the Dutch have collected far more of the German market. When the Community was being formed, they saw that cereal prices were bound to rise, so they set up imports of cereal substitutes—mainly tapioca—at low prices and not subject to import levies. This enabled them to undercut in almost every EEC market because the remainder relied on high-priced cereal-based feeds.

sent to France to undercut local supplies. This could have wiped out French sheep farming and turned whole areas into desert. So the French farmers began to interfere with shipments and French Government imposed controls judged illegal in the European court. This problem has been settled but it is far from clear how long peace will last. British farmers are convinced that all member governments but their own are on the side of farmers and will do their best to look after them in spite of Community rules and decisions. This is mostly true, and for a very simple reason. Britain has the smallest farming sector of all member countries as a proportion of total population—only 2 per cent. It is doubtful whether the farming vote is of crucial importance in any parliamentary seat.

The possibility of Spain joining the Community is becoming more unlikely because of the difficulty of imposing a Common Agricultural Policy over this welter of quarrelling national interests. The CAP was designed to link European farming interests: instead it seems likely to blow them apart. The fault is not with farmers but with politicians, who embraced the concept without contemplating how they would persuade their interests for the common good. As with most human activities, it seemed a good idea at the time. But you need more than good ideas to change farming nature.

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HOW TO SPEND IT

Other people's houses

BOOKS must be the all-time perfect present. For every age-group and every interest, for lovers of new novels or voracious consumers of detective stories, for those with hobbies or serious interests, for cooks or interior designers, there is a book somewhere that they long for. They relieve you of the worries of size or colour, they're easy to wrap and if the worst comes to the worst and you get it wrong, they can always be exchanged. This week we look at the newest offerings of books centred on the home—it's a rich and luscious crop full of mouth-watering ideas for everything from the smallest bedsitter to the grandest country house.

ENGLISH STYLE by Suzanne Slesin and Stafford Cline, published by Thames and Hudson, £16.95

This for me is the book to choose above all the others. Its glossy photographs capture that peculiarly English quality that most of us feel at home with. Whether it be the rich period interior of Bernard Nevill's contrived house in the middle of Chelsea, the cool stylishness of Priscilla Carluccio's terraced house in South London, the accumulated clutter of antique dealer Stephen Long's London house or the sheer prettiness of designer Tricia Guild's interiors, somehow all are recognisably English.

Denning what this is isn't easy and in the foreword Tracey Conran does his best. While this book, however, words are almost superfluous—the lovely pictures tell the story. There spread before us, in all their individuality and idiosyncrasy, is a myriad of real, lived-in interiors—kitchens and bathrooms, drawing-rooms and sitting-rooms, rooms as cosy as any Victorian parlour, others as up-to-date as any post-Modernist's dream.

Nobody could fail to look through this without coming away with a million and one ideas of how to make his own particular home a little more personal, comfortable or stylish. And if you feel so inspired, there's a handy list at the back of the most likely places to go—sources of antiques and fabrics, of lights and furniture, mirrors and picture-frames, wall and floor-coverings of the sort that make up those quintessentially English rooms.

WHITE BY DESIGN by Bo Nilas, published by Thames and Hudson, £20.

A wonderfully stylish book this, a feast for the eye, but more for looking at, say I, than for real life. White, as this book reveals, is very, very beautiful. White also comes in many moods—white comes cool and clinical, speaking of hospital

and illness. White comes calm and rustic or clean and high-tech, white is soft and pretty or it can be dramatic and very bold. White can be unaffected and relaxed and white can be studied and contrived. What white never is, is dull.

Above all, it is the perfect choice when you're dithering—what other colour sets off to such perfection the green potted palm, the decoy duck, the curves of a rocking chair or the honey-colours of rustic furniture? If you're wondering whether you could live with the kind of demands that white is liable to make, the answer would be to

look at the Scandinavians (whose iron discipline in matter of design seems to keep Mars bar wrappers, tennis racquets, just shrugged-off coats and the other clutter that fills my rooms, out of sight), those who live in hot climates (where they can spill over into the great outdoors), and Jean Muir (whose impeccable eye has created beguiling all-white rooms in her London flat).

For the rest of us, it seems to me, white is as beautiful as a dream and about as realistic to live with and rather forbidding to our English eyes. But for sheer beauty and impact it has to be said it takes a lot of beating.

THE HOUSESTYLE BOOK, published by Mitchell Beazley, £16.95. Chief contributing editor Deyan Sudjic.

Less a visual feast, more a practical guide to finding your own style and bringing it to life. Anybody who bought Mitchell Beazley's *The House Book* when it was first published about 10 years ago, will be aware that it is beginning to show signs of age. All those interiors that seemed so spot-on

at the time, now look what they were—expressions of the moods and tastes of the time. It was time for an up-date—this is it.

Through the main currents of taste Deyan Sudjic takes us—from Country House to Hard Edge ("for perfectionists"), from City Traditional (very overblown this) to Post Modern, through Decorators, Eclectic and Individual Style, with photographs to bring the style to life.

From then on it is a look at all the rooms of the house in turn with a visual reference for almost every taste and mood. Finally, the garden and a section on the nitty-gritty—things like lighting, flooring, storage, fixtures and fittings. The book for anybody who is moving house or about to embark on renovation.

THE ENGLISH WOMAN'S HOUSE, edited by Alvide Lees-Milne, with photographs by Derry Moore, published by Collins, £12.95.

Much of the charm of books on interior design and decoration lies in their intimate glimpses of other people's houses. Through the photographs we are taken into their homes, into the sitting-rooms and bedrooms, we see how they cook and where they eat, whether they prefer plain living or grand, which curtains and

which carpets they choose, what their taste is in pictures and in books. They appeal to the voyeur in us all. *The Englishwoman's House* is such a book.

Through its pages we see into the homes of 28 Englishwomen, nearly all rather grand and mostly rather rich. We are shown into the Duchess of Devonshire's private apartments and Lady Diana Cooper's bedrooms, into Laura Ashley's Welsh home and Anne Scott-James' country cottage.

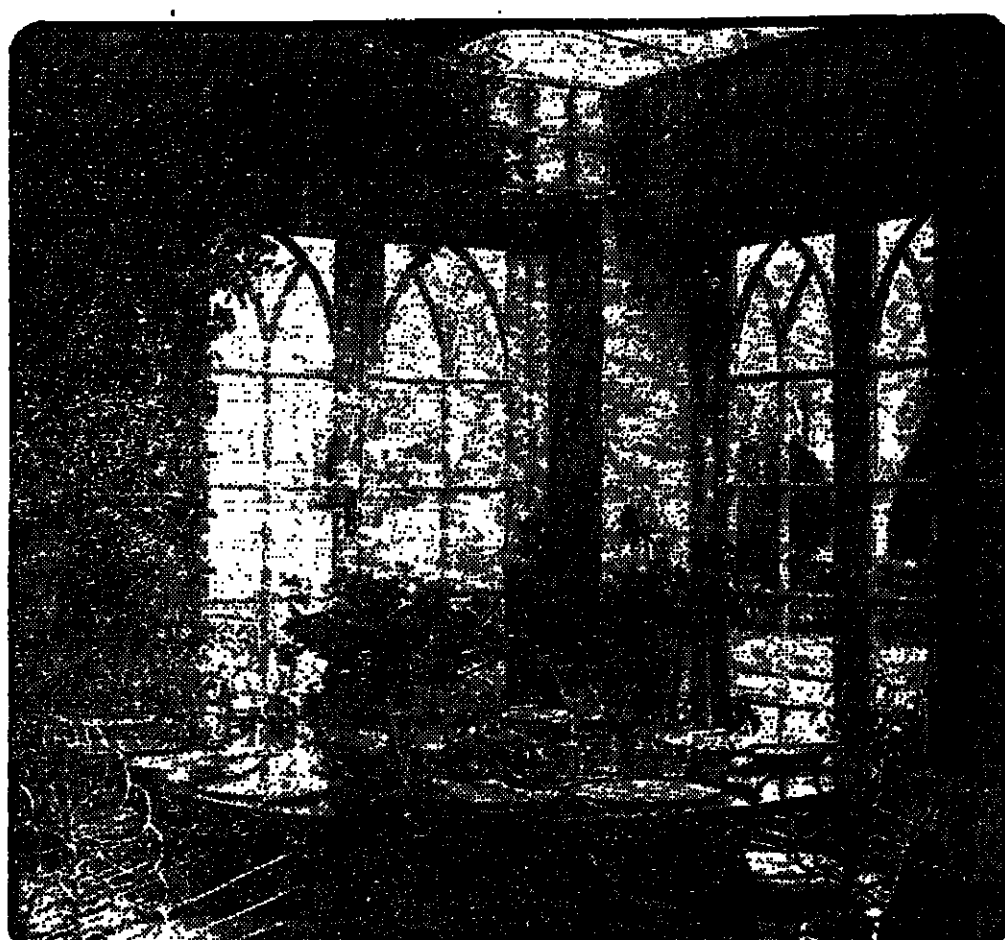
Few are as dashing or as stylish as the homes shown in *English Style* or *White by Design*, but their charm is that they are above all personal. Each of the women featured writes about her home herself and the book offers a fascinating insight into the way the British upper-class really lives.

THE GOOD HOUSEKEEPING BOOK OF THE HOME published by Octopus and Ebury Press, £10.95.

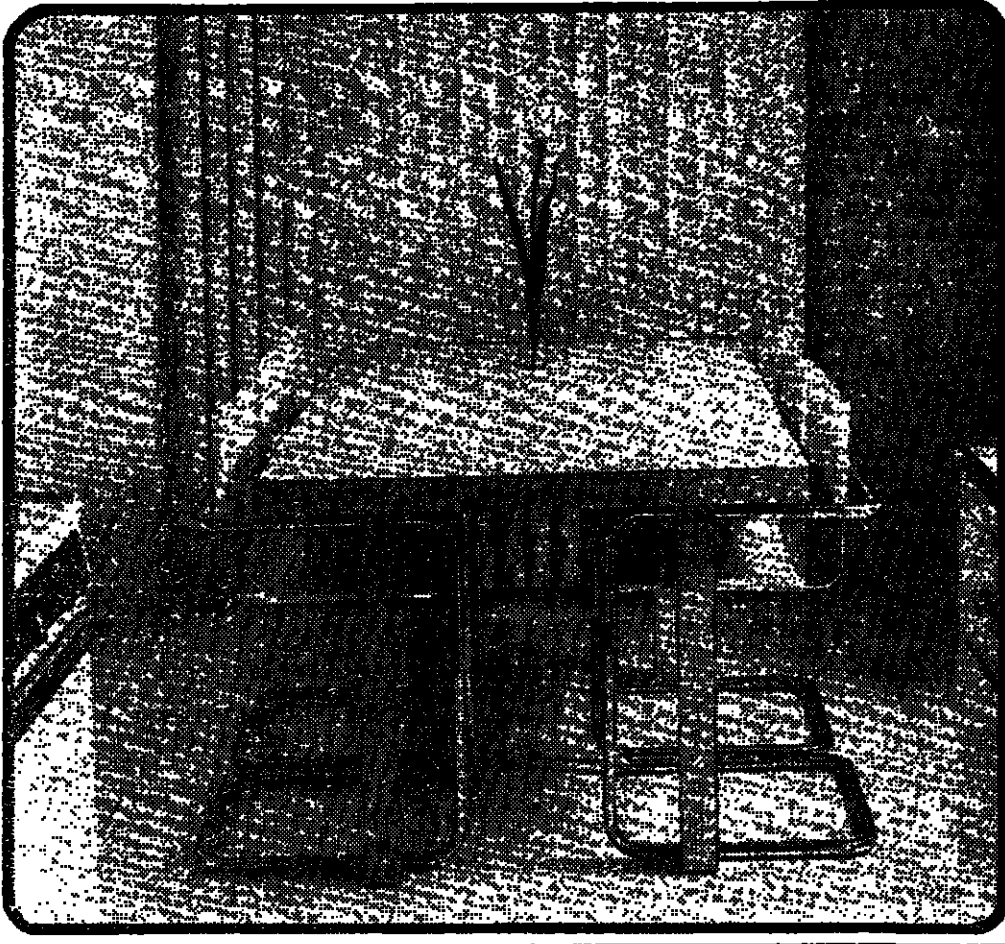
Much less glossy than most of the previous books and much more to do with how most of us really live. The standard of taste and style is nonetheless high and anybody planning on moving house, doing up a whole house or even just a room, would find it a mine of useful information and visual inspiration.



LEFT: A calm, understated sitting-room from *The Good Housekeeping Book Of The Home*. In full colour, which, alas, I can't show here, it is a gentle study in cream, terracotta and indigo blue based on the colours of the Oriental rug on the floor.



TOP RIGHT: The garden room that Peggy Willis built onto one end of the drawing-room in her house at Radway, Warwickshire. It bridges the gap between house and garden and makes a perfect summer dining-room. The photograph comes from *The Englishwoman's House*.



RIGHT: A single tulip in an almost totally all-white room belongs, as one might have guessed, to a floral designer. This is white used in its starkest, most clinical mood. It is just one of the many photographs from *White By Design* by Bo Nilas.

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COOKERY

Stirring times: a proper plum pudding

BY PHILIPPA DAVENPORT



FOR many years I studiously avoided all recipes with long ingredients lists. It made me feel weary to read them let alone try to cook them. A dozen or more ingredients staring up from the page looked daunting—and a bit show off. Could it really be necessary, or even desirable, to include so many goodies in one dish? And if the ingredients list were off-puttingly lengthy then surely it was odds on that the cooking techniques required would be equally long and horribly complicated.

I am still wary of recipes with long ingredients lists and regard them on the whole as best bypassed by busy cooks. There are, however, happy exceptions. Sometimes the inclusion of many ingredients is a positive virtue (just think of the subtle fragrance produced by using a selection of freshly ground whole spices rather than commercial curry powder), and some recipes with long ingredients lists are, in fact, exceptionally easy to cook.

Christmas pudding and mincemeat are just such recipes—beautifully simple despite onerous sounding ingredients lists. It makes all the difference in the world if you use individually chosen fruits and whole candied peel instead of pre-packaged "dried fruit cake and plum pudding mixture," and a good splash of booze instead of artificial flavourings. As for culinary skill, basically there is little more to it than thoroughly stirring together the ingredients.

So much stirring would, I admit, be an arm-aching business if tackled single-handedly with a wooden spoon. But it isn't. Thanks to the ruse introduced by some ingenious lady many years ago, the cook's lone labour has been cleverly transmuted to pleasurable family ritual. Now everyone takes his or her turn at stirring the Christmas pudding in order to make a wish—and in my family at least it has become a tradi-

tion. Cooking a Christmas pudding could hardly be simpler. It's true that it takes a long time but there is no need for the cook to dance attendance nor need the kitchen take on the steamy appearance of Turkish baths.

Many recipes stress the importance of regularly topping up the pan with extra boiling water. Why? If the water level falls drastically you must of course top it up, but this is unlikely to happen if the pudding is cooked gently (a rolling boil is quite unnecessary) and if the pan lid is well-fitting. In my experience it is quite safe to go away and leave the pudding alone for the whole of the cooking time. I once left one cooking for two hours longer than intended and it came to no harm.

The Sunday before Advent, or Stir up Sunday as it is called in some areas, is by tradition the last day on which to make mincemeat and Christmas puddings (this year it fell on November 25). This tradition like the communal stirring and wishing, is rooted in good sense: rich, fruity mixtures need time between making and eating to develop their full flavour. Many could argue that one year's maturation is a great improvement on a few weeks and I tend to agree. I reckon, however, that mincemeat and plum pudding made this weekend will still taste pretty good by Christmas Day, certainly better than most commercial varieties. Quantities given here should be enough for feasting this Christmas and next—which means one less chore next Christmas and the chance to judge for yourself the value of a long maturation period.

PROPER PLUM PUDDING

So called because it does indeed include plums—that is to say dried plums or prunes which give it rich sweetness, Guineas adds delicious moistness and helps to give the pudding good

pitted prunes; 1/2 lb each whole candied orange and whole candied lemon peel; 1/2 lb shelled almonds; 1 1/2 teaspoons each cinnamon and allspice; 1 teaspoon each freshly-grated nutmeg and ginger; the juice and zest of 2 oranges and 1 lemon; 1/2 lb each fresh wholemeal breadcrumbs and grated suet; 1/2 lb self-raising flour; 1/2 lb dark muscavado sugar; 4 large eggs; 1 pt Guinness.

Cut the prunes and candied peels into smallish pieces with a pair of scissors. Put them into a really large mixing bowl and add the sultanas, raisins and currants. Skin the nuts if you wish, and chop them roughly. Add them to the bowl together with the ground spices and citrus zest. Stir lightly, add the citrus juice and stir again. If you wish the mixture can be covered and left overnight at this stage.

In a separate bowl mix together the breadcrumbs, suet, sifted flour and sugar. Beat the eggs lightly with the Guinness and stir them into the breadcrumb mixture, then tip the damp breadcrumb mixture into the bowl of dried fruits, nuts and spices and stir very thoroughly for 5-10 minutes. This is of course the point at which all the family should join in. Cover the bowl and leave it overnight in a cold larder.

Next day turn the mixture into well-buttered pudding basins—2 basins of 2 1/2 pts capacity or one larger and several smaller basins if you prefer. Pack the mixture quite firmly into the basins but do not fill them right to the top as the mixture will expand in cooking. Cover with buttered greaseproof paper and foil (both treated down the middle to allow the puddings to rise during cooking), tie down firmly with string and loop string over the top to make a "handle" for lifting each pudding in and out of the pan.

Stand each basin on a trivet or on a pad of newspaper (as a precaution against the basins cracking) in a pan or pans con-

sides of the basins. Cover the pan(s) with well-fitting lid(s) and cook at a gentle bubble for about 6 hours.

When the cooked puddings are cold re-cover them with fresh unbuttered greaseproof paper, tie down tightly with string and store in a cold larder. They will keep for at least 1 year.

On Christmas Eve unveil the pudding you plan to serve on Christmas Day. Boost its booze content if you wish by pricking it with a fork and sprinkling on a few spoonfuls of brandy. If you want to add charms or silver coins, this is the time to do so—wrap each individually in greaseproof paper, jab the pudding with a knife and insert. Cover the pudding once again with buttered and pleated greaseproof paper and foil, and tie down with string. Steam-bowl on Christmas Day as in the first cooking but for a shorter time—2 1/4 hours depending on the size of the pudding.

OLD FASHIONED MINCEMEAT

This recipe includes carrots, as was traditional, in sweet dishes before sugar became cheap and plentiful. It is much more delicious than any shop-bought mincemeat I have eaten; I find it invaluable for last minute Christmas presents as well as for home consumption. Enough to fill 10 or 11 standard size jam jars.

1 lb each cooking apples, carrots, candied whole citrus peel, currants, sultanas, seedless raisins and grated suet; 1 1/2 lb dark muscavado sugar; 1/2 lb flaked almonds; 2 table-spoons each ground cinnamon and allspice; the zest and juice of 4 oranges and 4 lemons; brandy or whisky (optional).

Peel, core and grate the apples coarsely. Scrub and grate the carrots. Chop the candied whole peel into smallish pieces. Put these three ingredients into a really large mixing bowl. Add all the other ingredients excepting the alcohol, and stir very thoroughly with help enlisted from the rest of the family. Cover the bowl and leave it in a cold larder for 24 hours, just stirring the mixture occasionally if and when passing.

Then, to minimise the risks of fermenting during storage (which otherwise may occur when certain varieties of apple are used), put the bowl into an oven pre-heated to 225F, 120C gas mark 4, and leave it there for 4 hours.

Let the mincemeat mixture become cold again, then stir in a generous tot of brandy or whisky if you wish. Put the mincemeat, to clean dry jars. Lay circles of greaseproof paper or waxed discs directly on top of the mincemeat and seal with screwtop lids. Store in a cold

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FRIENDS OF THE ELDERLY

ARTS

Foreign customs

Radio 3's Saturday-Night Theatre last week, Philip Latham's Customs of the Country, contained a hidden charge. Outwardly, it was a colourful romantic tale...

and Burmese governments and the upland peoples. Karen, Kachin, Shan and so on, who partly live on the opium trade. John Keay had much to tell us about them, but there was no adverse criticism on his agenda.

RADIO

Chinese wife, defending him from the charge of bribery. And, "It's only corruption because that's what we choose to call it," said the Superintendent of Police. How often, when dealing with Indians, Chinese, Africans and so on, have the British imposed an alien British morality on people who have got along happily with their own. But do you mean to say, "Well, no, but I grew up according to the British principles."

A real absentee is Lewis Carroll's serious verse. Morton Cohen gave a 20-minute talk on Radio 3 on Friday about the collected poems in Rhyme? or Reason? (now half a century out of print), but there was no revelation there either. The book contains only items well-known, like the Smark and Phantasmagoria, or far from unknown, like the parodies of Longfellow, Tennyson and so on.



Hermione Baddeley sending up Swan Lake as Madame Fallover and Beryl Reid as Marlene of the Midlands

More tales from the Green Room

BY MICHAEL COVENEY

Two of the finest, funniest actresses of this century, both of their particularly associated with revue, have just published their autobiographies and deserve consideration for the Christmas present list. Beryl Reid's So Much Love (Hutchinson, £8.95) charts a fascinating career through summer seasons, pantomime, revue, radio and television, as well as a growing reputation on the "legitimate" stage ever since The Killing of Sister George in 1965.

Two great ladies has yet to be recognised in an appropriately official manner. Laurence Olivier has suffered no such deprivation. The latest tribute, Laurence Olivier by Melvyn Bragg (Hutchinson, £12.50), is based on Bragg's excellent television profile and comes most lavishly and handsomely illustrated. Bragg is a modest, tactfully chronicler of this astonishing career, his awe and respect melting into undisguised affection.

during Lucrezia in order to consume an unseen tankard of best port, passed up to her through a trapdoor? Even further off the beaten track, two oddities: My Dear One edited by Patricia Casson (Julia MacRae, £8.95) contains a disappointing fragment of autobiography by Sybil Thordike as a preface to an even more dreary correspondence between her parents, while Beethoven's Third Overture (Olivier Truman (Andre Deutsch, £8.95) contains slightly more interesting, because weird, letters between the great actor and a besotted Victorian adolescent admirer. The correspondence includes a few discreet gems from Free's half-brother Max. But how could Free allow his vanity to go unbridled and beguile the pathetic Olivia for 17 years? Victorian values, I suppose.

Practical considerations, too, have governed the excellent Theatre Production Series from Knowledge and Kegan Paul. The fifth and latest in the series, Restoration Theatre Production by Jocelyn Powell (RKP, £19.95) is well up to standard, with good solid historical chapters on Restoration theatre conditions and brilliant discussions of specific plays in terms of how they were done. Dryden's 1674 The Tempest comes to life in the analysis of The Way of the World (1700) is possibly the best I have read. Mr Powell reminds us that Congreve had no furniture on the stage: so Lady Wishfort giving her "first impression on a couch" would not have involved all that superfluous fuffing around we currently see from Joan Plowright at the Haymarket.

Vive les vétérans

"Yehhh, yehhh," snarls James Cagney as the 80-year-old ex-boxing champ in One Blow Too Many (CBS/Fox). "Stick around long enough and they'll pour bronze over you." Where are the Hollywood veterans of yesteryear? When not having bronze poured over them like Mr C's pugilist, Astounding is the number of serene and senior superstars today who when they "pass on" from the large screen promptly—or eventually—pass on to the small.

gold and wild horses. Miller's film is more than a stunt turn but less than a great movie. Grand scenery and thunderous action sequences—a storm, a wild stallion chase—alternate with dialogue scenes designed to cure insomnia. With none of his co-stars offering any wretched charisma, it's left to Douglas to play the mannerisms like one demented—the alligator grin, the bionic jaw and the voice like the grinding of metal machinery—showing that super-stardom at full throttle can sometimes be hard work and not just effortless magnetism.

VIDEO

NIGEL ANDREWS

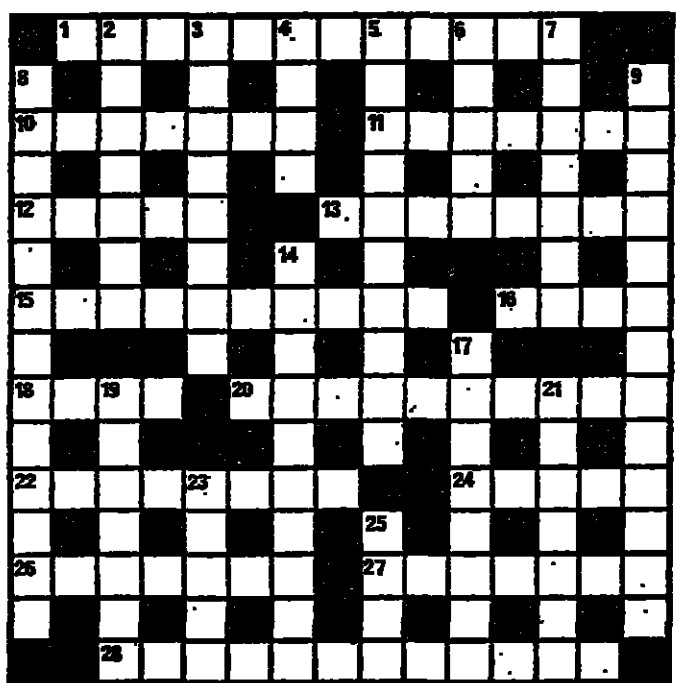
To anyone still recovering from seeing Cagney in catatonic mode on the Parkinson show some years back when he resembled a cottage loaf who had taken a vow of silence, One Blow Too Many is like a miracle. Not only is J.C. alive and well but he kicks all the life there is into this soapy tale of a welterweight "Terrible Joe Moran" (Cagney), wheelchairing around his Manhattan manse bawling out both his ex-bruiser companion (Art Carney) and his long-time-oldest granddaughter (Ellen Barkin) who moves in promising the old man Jove while eyeing the old man's loot. But will her heart be warmed after all by the codger's pride and pique? You betcha it will.

At times the terrible sentimental shenanigans resemble On Golden Pond with boxing gloves. But look at Cagney bestriding it all. The voice may have dropped from nasal honk to phlegmy baritone, but the snarl is still imperious. And the face, now a ball of pastry rather than a rakish mask of youthful Mephistopheles, can still sneer and grimace without peer. "Entrepreneur!" he mimics, when his granddaughter describes her wheeler-dealing boyfriend, and he screws up his face into the wittiest twist of scorn we've seen on screen since he first planted a grapefruit in Mae Marsh's kisser on 1931. Oh sont les pamplemousses d'antan?

for home viewing. One sensed disaster. But reports of Simon's falling inspiration since his stage-and-screen heyday (Borefoot in the Park, Plaza Suite) seem greatly exaggerated. Judging by this delicious comedy for four voices, Marsha Mason (alias Mrs Simon) is the divorcee with a teenage son (Matthew Broderick) who frantically tries to juggle two irreconcilables: her love, for police detective Donald Sutherland and her even newer love for her rascally old Dad (Jason Robards) who returns after a life of crime to shower wealth upon her and to live out his declining months discreetly under her roof.

The film may not have you rolling about on the Axminster, like Simon's best, but it's cunning, funny and full of charm. Relish, especially Robards's succession of gifts guaranteed to blow discretion to the winds. (He buys Mason a Mercedes, floods her kitchen with labour-saving machines and has her house redesigned in French Gothic.) And also relish schoolteacher Mason's struggles with a class of hip-tongued Hispanics stammering through Hamlet aloud—"Man, you shall do marvellously wisely, good Reynaldo, man, before you visit in their thair hills. Douglas 2 is his smoother brother, steely of tongue and uncamouflaged of chin-dimple, who pursues both

F.T. CROSSWORD PUZZLE No. 5,584



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4A 3DF. Winners and solutions will be given next Saturday.

Name: Address:

- ACROSS
1 Add fuel, not assented, to payment among the Pots (5-2-5)
10 Georgian building, probably and German in series (7)
11 Isn't as they say, clearer outside on the mast? (4-3)
12 Tips for depression (5)
13 Sassenach badly hurt inside before long (8)
14 Write letters to match (10)
15 Awful cries to anger bureau (10)
16 Nelson's in a whiff (4)
17 Division to convey food (4)
18 That quiet instrument? (5, 5)
19
20 That quiet instrument? (5, 5)
21
22 Maybe mouse one minute to make proof (8)
23 Cook like this to intercept decay (5)
24
25 Nelson's call for proposition? (7)
26
27 Entrance to means of gathering—stake all on action (2, 2, 3)
28 Penalty for being over the limit (8, 4)
DOWN
2 Comet, it may be, on a pole? (7)
3 Sovereignty with skip might? (8)
4 Examination in morality (4)

BBC 1

- 8.30 am The Perishers, cartoon. 8.35 The Littlest Hobo: "Smoke" — Hobo parachutes from a plane to save a child's life. 9.00 Saturday Superstore. Mike Read and the SuperStore team are joined by Lenny Henry and Jeremy Cluffas for "Zoo 2000." Music is provided by James Galway and Eddie Grant. 12.15 pm Weather. 12.15 Grandstand, introduced by Desmond Lynam, including 12.50 News, Football Focus with Bob Wilson. Racing from Cheltenham, at 1.00 The Philip Morris Novices' hurdle race. 1.30 The Horizon Conditional Jockeys Steeplechase; 2.00 The Rehearsal Steeplechase. Snooker: Commentary on the final of The Coral United Kingdom Championship from Preston. Skiing: Reports from Courmayeur on the Ladies' Slalom. Rugby League: Commentary on one of the top games from the second round of the John Player Special Trophy. Final Score: Classified Results at 4.40.

- 3.05 News. 5.15 Regional programmes. 5.20 The Tripods. 5.45 The Noel Edmonds Late Late Breakfast Show. 6.35 Bob's Ball House. 7.10 Juliet Bravo. 8.00 Hi-De-Hi. 9.15 Dynasty. 9.30 News and Sport. 10.20 Championship Snooker: The Coral United Kingdom Championship, Final. 10.50 Match of the Day. 11.40 Championship Snooker. Further coverage. 12.55 am Weather.

- REGIONAL VARIATIONS
Wales—5.15-5.20 pm Sports News Wales. 12.55-1.00 pm Weather; Weather for Wales. Scotland—5.15-5.20 pm Scoreboard. 10.50-11.40 Sportsweek. Northern Ireland—4.55-5.05 pm Northern Ireland Results. 5.15-5.20 Northern Ireland News. 12.55-1.00 am Weather Northern Ireland News Headlines. England—5.15-5.20 pm London: Sport South West (Plymouth); Spotlight Sport and News. All Other English regions: Sport/Regional News.

BBC 2

- 10.35-12.15 am Open University. 1.35 pm (Saturday Cinema Double Bill): "Ziegfeld Girl," starring James Stewart, Judy Garland, Lana Turner. 3.40 "Three Little Words," starring Fred Astaire, Vera Ellen, Red Skelton. 5.20 Championship Snooker, Coral UK Championship Final. 7.0 Vous la France! 7.25 News and Sport. 7.40 Rugby Special. Commentary from Hawick on the match between South of Scotland v The Australians; plus the rest of the day's rugby news. 8.30 The Saturday Afternoon: "Arabella"—Glynedebourne presents John Cox's production of Richard Strauss's opera in three acts. 11.10-11.15 am The Italian Film: "Picone Sent Me" Film starring Giancarlo Giannini, Lina Sastri (English subtitles). 9.25 am TV-am Breakfast Programme. 9.25 Cartoon Time. 9.30 Fraggle Rock. 10.00 Saturday Starship. 11.20 Mister T. 11.45 Catwaza. 12.15 pm World of Sport: 12.20 Rallying — The Lombard RAC Rally. 12.45 News. 12.50 On The Ball presented by Ian St John and Jimmy Gravest. 1.15 World Cup Skiing—Preview of the Season. 1.25 The ITV Six from Sandown and Newcastle (introduced by Brough Scott and John Oaksey). 3.00 Ice Hockey. 3.45 Half-Time Soccer roundup. 4.00 Tarty and Friends. 4.45 Results. 5.00 News and Sport. 5.05 Candid Camera. 5.35 Blockbusters. 6.05 The A-Team. 7.00 Tarty and Friends. 7.45 Punchlines. 8.15 3-2-1... 9.15 News. 9.30 Movie Premiere: "Sphinx" starring Leslie-Anne Down. 11.40 Battle for the Bulge. 12.40 am London News Headlines. Followed by Bellamy... 1.25 Night Thoughts with Katharine Whitehorn. CHANNEL 4 1.05 pm Making The Most of 1.30 Chips' Comic. 12.00 "Victory," starring Freddie March, Betty Field, Cedric Hardwicke and Sig Ruman. 12.25 "One More River," starring Diana Wynyard, Frazer Layton, Colin Clive and Pat Patrick Campbell. 5.05 Brookside. 5.40 Danger Man. 6.30 Rock-N-America. 7.00 News Summary followed by Seven Days. 7.30 Jury Of Her Peers. 8.00 The Sonnets Of William Shakespeare. 8.15 Muck and Brass. 9.15 20:20 Vision: Child Sex Abuse. 10.00 Hill Street Blues. 11.00 Pushing Up Daisies. 11.30 Nightmare, starring Kevin McCarthy, Edward G. Robinson and Connie Russell. 54C WALES 1.20 pm What the Papers Say. 1.35 A Week in Politics. 2.16 The Red Bull. 2.55 Rest in Darkness. 3.55 The Wine Programme. 4.25 The British at War. 5.20 The Avengers. 7.20 Supertop. 8.15 Cardiff. 8.55 Forthgain. 9.00 Babi. 9.10 Y Meas Chwarae. 10.30 Callan. 11.30 Feature Film: "Trouble for Two."

LONDON

- 9.25 am TV-am Breakfast Programme. 9.25 Cartoon Time. 9.30 Fraggle Rock. 10.00 Saturday Starship. 11.20 Mister T. 11.45 Catwaza. 12.15 pm World of Sport: 12.20 Rallying — The Lombard RAC Rally. 12.45 News. 12.50 On The Ball presented by Ian St John and Jimmy Gravest. 1.15 World Cup Skiing—Preview of the Season. 1.25 The ITV Six from Sandown and Newcastle (introduced by Brough Scott and John Oaksey). 3.00 Ice Hockey. 3.45 Half-Time Soccer roundup. 4.00 Tarty and Friends. 4.45 Results. 5.00 News and Sport. 5.05 Candid Camera. 5.35 Blockbusters. 6.05 The A-Team. 7.00 Tarty and Friends. 7.45 Punchlines. 8.15 3-2-1... 9.15 News. 9.30 Movie Premiere: "Sphinx" starring Leslie-Anne Down. 11.40 Battle for the Bulge. 12.40 am London News Headlines. Followed by Bellamy... 1.25 Night Thoughts with Katharine Whitehorn. CHANNEL 4 1.05 pm Making The Most of 1.30 Chips' Comic. 12.00 "Victory," starring Freddie March, Betty Field, Cedric Hardwicke and Sig Ruman. 12.25 "One More River," starring Diana Wynyard, Frazer Layton, Colin Clive and Pat Patrick Campbell. 5.05 Brookside. 5.40 Danger Man. 6.30 Rock-N-America. 7.00 News Summary followed by Seven Days. 7.30 Jury Of Her Peers. 8.00 The Sonnets Of William Shakespeare. 8.15 Muck and Brass. 9.15 20:20 Vision: Child Sex Abuse. 10.00 Hill Street Blues. 11.00 Pushing Up Daisies. 11.30 Nightmare, starring Kevin McCarthy, Edward G. Robinson and Connie Russell. 54C WALES 1.20 pm What the Papers Say. 1.35 A Week in Politics. 2.16 The Red Bull. 2.55 Rest in Darkness. 3.55 The Wine Programme. 4.25 The British at War. 5.20 The Avengers. 7.20 Supertop. 8.15 Cardiff. 8.55 Forthgain. 9.00 Babi. 9.10 Y Meas Chwarae. 10.30 Callan. 11.30 Feature Film: "Trouble for Two."

REGIONS

- IBA Regions as London except at the following times: ANGLIA 11.45 am The Smurfs. 11.40 pm Gone for a Soldier. BORDER 9.25 am Mister T. 11.20 Bertie and Gail. 11.40 pm Curling. CENTRAL 9.25 am Fochort Laghorn. 9.30 Mister T. 11.20 Sir Millon Dollar Man. 11.40 pm The Challenge. CHANNEL 9.25 am Mister T. 11.20 Puffin's Pie (1). 11.25 Taran. 6.05 pm Puffin's Pie (2). 5.10 The Smurfs. GRAMPIAN 9.25 am Mister T. 11.20 OED. 12.40 pm Reflections. GRANADA 9.25 am Mister T. 11.20 Chips. 11.40 Hawaii Five-O. 12.20 Man in Concert. HTV 9.25 am The Wonderful Stories of Professor Fog. 9.25 am Mister T. 11.20 Fether Murphy. 12.15 pm HTV News. 11.40 Rock of the Seventies. HTV Wales—As HTV West except: 11.40-12.25 pm Rugby Union. 12.25 Weather. SCOTTISH 9.25 am Wattoo Wato. 11.40 Happy Days. 12.15 pm Curling. 12.10 am Late Call. TVS 9.25 True For Two. 11.45 Jabberwocky. 12.15 pm Weather. 11.40 Jazz. 12.10 am Comedy. TYNE TEES 9.25 am Morning Glory. 9.30 Fraggle Rock—The Finger of Light. 9.55 Young Lookers. 11.20 Batman. 12.15 pm North East News. 5.05 North East News. 5.10 Candid Camera. 11.40 Autumn Gold Days. 12.20 am Fox's Corner. YORKSHIRE 9.25 am Bertie and Gail. 11.40 pm Out in the Open.

RADIO

- BBC RADIO 2 8.05 am David Jacobs (5). 10.00 Sources of the 1918 (5). 11.00 Albany Times (5). 1.00 pm The News Muddles with Roy Hudd. 1.30 Sport on 2: Racing from Sandown Park at 1.30 The Tingle Creek Steaks and 2.00 The Mecca Bookmakers' Hurdle. Cricket: Latest from India. Football: Prospects. Rugby Union: Commentary on South of Scotland v The Australians. Rugby League: Commentary on one of today's second-round matches for the John Player Special Trophy. Snooker: Reports from Preston on the Coral UK Championship. 11.20 am Football: 11.20 Second-half commentary on a Cannon

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LEISURE

Antony Thorncroft considers the cost of paintings Old Masters suffer a lack of appreciation

THE market's willingness to pay high prices for second division artists has become so common that few eyebrows were raised when the National Gallery spent £1.4m on a painting by Joseph Wright of Derby last week. For the Gallery it seemed a reasonable sum for a rare, fine and pretty picture which plugged one of the few gaps in its collection. For the art world it was another case of everything goes.



Cheap at the price: a top price of £100,000 estimated for this portrait by Cranch the Elder

gallery, and although the Getty is flush with its £1.5bn annual spending budget, the museums in Fort Worth and Dallas, Los Angeles and Washington have heavy purses. But the new breed of curators are more knowledgeable and idiosyncratic and want to create a stir by building up over-looked Old Masters.

Archaeology: Gerald Cadogan looks at the art of database digging A computer byte out of history

THE FASTEST part of digging an ancient site is digging it. The slowest part is the work afterwards of studying, arranging and writing up what has been found. The final report is the aim of the whole business. Today, the micro-computer has arrived as a possible means of salvation to help archaeologists produce better reports more quickly.

Table with columns for file numbers (e.g., 00041 M19) and alphanumeric codes (e.g., 08 W J). It lists various data points related to archaeological records.

Print out from a typical archaeologist's file on Trench, Level and Feature records

In the field, it is easy to forget that no excavation is over till it has been published. The daily demands of digging are so immediate—there are notebooks to write and lists of levels and finds to keep up, plans to be drawn; decisions must be made on what to do next, and then be explained to workmen, volunteers or students. The decisions come from informed guesses and mulling over what is happening in the work and what will happen. They need constant re-vising in the light of what has just happened.

University main frame computers have been used by archaeologists for some time, mostly in America and connected to the site by telephone. But what is fine with Ms Bell or her children is unsuitable for many parts of the world, where often there is no telephone.

letting them sit for several years till discovered in study. Even more useful for the supervisors is the discipline of formulating what they are doing in the language and relentless logic of the machine. They and the excavation director see more clearly what they are doing and make better decisions through having always to answer the questions implicit in the programme. What is this level? How does it connect with what is around?

perhaps a tomb. In the file is a field to show the relationships of the levels to the features.

The field has symbols (such as = or +) to show that the feature is the same as the level that was being dug, such as the earth in a pit or a floor (if it is removed as a level in excavation). The + sign shows what belongs with what—that is, what was being built or was in use together with something else at the same time in the past. A pit, for instance, I am sorry to harp on pits, but the ancients were very fond of them, for storage, or rubbish, or even putting figurines in them as religious offerings—has to be cut down from a floor, and so must belong with it, and in no way can exist of its own in the air.

Other symbols include "u" for use, "d" for destruction (what is left when a place has been burnt down) and "?" which allows for uncertainty and delay in making up one's mind.

This and the other programmes sort the excavation data in different ways, which can be extended as we see new ways of inquiry. They help enormously for our understanding of what is going on during digging and knowing how much progress is being made. Their main purpose, however, is to speed up the final report.

So now, in After Computer times, the archaeologist takes the machine back to the study and carries straight on. Provided the entries were correct in the first place, all should go much more quickly and the report appear soon. Excavation is always a unique experiment as, once something is dug, it can never be dug again. The records give life to the finds. And the dig is only as good as its records.

Wine: Edmund Penning-Rowse tastes Oddbins' selection Plenty of variety at reasonable prices

ODDBINS, one of the moderate-size wine chains—58 shops, mostly in the south with new branches opening shortly in Leicester and Milton Keynes—has had a reputation for the breadth of its list: about 400 wines, spirits, liqueurs, etc.

pear flavour, while the A.C. Côtes de Roussillon Villages (€2.14) was finer, and much less aggressive than many Midi wines. A big-southern VDQS Caribères, Ch. Montredon '83 (€1.85), was another strong wine that might be described as "heartily", but the '81 Domaine de l'Abbaye from the Collines de la Moine (€2.48) had much more "class", partly owing to a proportion of Cabernet-Franc in the blend; another demonstration of the fact that it is worth paying a little more.

run, it still makes an interesting wine. Domaine St Prix, Côteaux de St-Evris '82 (€3.49). This is also a Chardonnay produced by a small group of growers. Often the wines of this commune, west of Chablis, are excessively dry, but this one has a delicious aroma and an elegant, fruity flavour with a slight "prickly". An excellent wine and good value for money.

rounder and a good example of an exceptional vintage. Moulin-à-Vent, Ch. de Chénas '83 (€4.59). This has more style and a longer flavour than the Fleurie, and though delicate, should improve. Also dearer, but then this is Beaujolais top cru. Barbera d'Asili, Bersano '81 (€2.86). The basic red wine of Piedmont, this has a big colour, an inviting bouquet, and a typically strong taste that very much suits Italian food.

Sport: Tom Lynch reports on Scottish football Celtic fury at 'disgusting creeps'

THE MOST unpopular person in Glasgow right now must be the fan who threw a small object—perhaps a coin—at Rapid Vienna's Rudolf Weinhofer during the European Cup Winners' Cup second leg on November 7.

finding them £10,000 for "incorrect team conduct". One potentially serious result of all this is that, at a time when success or failure in Europe can affect the destinies of very large amounts of money, there is now an opportunity for a club to demand a replay by reducing a game to a violent shambles and relying on a small number of hooligans to respond.

almost diverted attention from a minor but profoundly important incident further down the Clyde at Ibrox, the signing by Rangers of their first Catholic player. Granted, John Spencer is only 14. He has played for Rangers Boys' Club for two years, and has now signed an "S" Form. The official policy of Rangers has always been that any player good enough to play for Rangers would be signed. The unofficial policy of some previous club directors and officials brought about a situation that, in a city where Catholics account for nearly half the population, those judged good enough to wear the light blue jersey were always Protestant.

CHESS LEONARD BARDEN

AS THE 88-nation chess championship—the world team championship—reaches its closing rounds at Salonica, England, have slipped back in the race for silver and bronze medals.

Following a seventh-round win over Czechoslovakia, the team was well placed immediately behind the Russians, but then came setbacks against Hungary and Holland.

Overnight adjournment analysis established a winning line for Short, who could sacrifice his rook pawn and activate his king pawn. Play resumed, but Short at the board thought he saw a clearer plan keeping both pawns. Committed, he found Yusupov had a hidden drawing resource. The other game was also a disaster as Miles went wrong late and Blyatsky scored the full point.

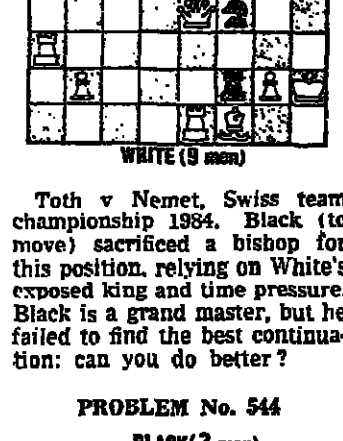
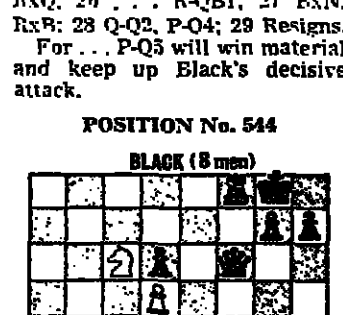
BRIDGE E. P. C. COTTER

MY FIRST example hand today comes from rubber bridge, and illustrates shrewd dummy play, countered by alert, intelligent defence:

With neither side vulnerable, South dealt and opened the bidding with one heart. North replied with two diamonds, and the opener was faced with an awkward rebid. He could not say three clubs—that would constitute a high reverse, for which he did not have the qualifications—and he certainly could not say two no trumps. There was nothing for it but to rebid two hearts on his shabby five-card suit. North naturally raised to four hearts, and that became the final contract.

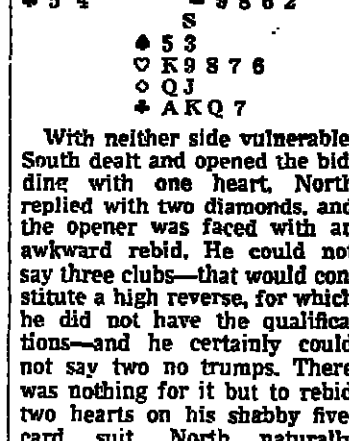
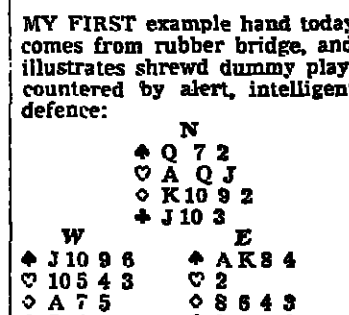
This puzzle (by W. Mendheim) is a chess curiosity. White (to play) has to checkmate in nine moves, and the final mating move has to be with White's rear pawn, now on its starting square KN2. There is only a single line of play, but it is a test of chess vision to work it out from the diagram.

PROBLEM No. 544



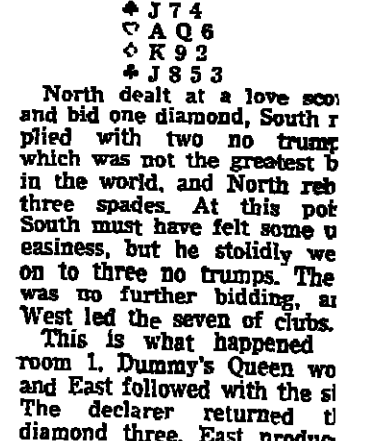
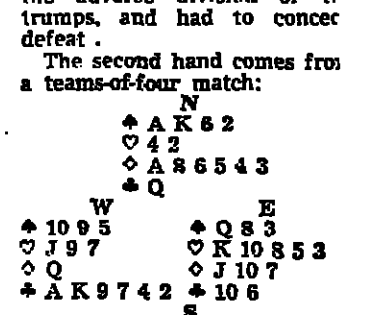
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FINANCIAL TIMES

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Saturday December 1 1984

Why the TUC must act

IT WAS a miracle... people were not killed... quite vigorous efforts, in some cases—by other unions—to deliver practical support, in the hope of bringing the issue to a head, few have answered the call.

Sympathy is easy to criticise the stance of the whole Labour leadership in face of Mr Scargill's intransigence, but it is also easy to understand it. The union leaders are baffled and frustrated in the face of government policies.

THERE are forty telephones in the private clients department of City stockbroker Hoare Govett. On Tuesday, November 20 they received just under 4,000 incoming calls.

Most of the hundreds of professionals connected with it had long since begun to suspect that something extraordinary was about to happen.

But this weekend, the Government and its advisers might just have another worry on their minds. For it is one thing to price a new issue generously enough to ensure a firm immediate after-market, quite another to price it at an embarrassingly deep discount to the level at which the shares then settle in the marketplace.

It has to be said immediately that the line between triumph and disaster is horribly thin for every new issue in the stock market. Given its size, that was always going to be true in spades for BT.

Now BT seems graced with all sorts of alluring qualities for the investor, leaving the offering yield of just over 7 per cent very much surplus to requirements.



'A COUNTING STATION ON ELECTION NIGHT'

THE SMALL South coast town of Goring-by-Sea might sound an unlikely focal point for the world's largest ever share issue.

As fresh sacks and sealed, fire-proof crates of applications arrived by courier vans—accompanied by radio-linked security cars—from London, Newcastle and Belfast, while areas of the Goring-by-Sea building resembled nothing so

much as a big counting station on General Election night. Everywhere around were envelopes being opened, cheques being detached and bundled into boxloads of 25,000 each.

Lines of a different kind were foremost in the thoughts of the banks' London branches. Reducing Wednesday's final morning rush of applicants to a single file was their way of avoiding the undignified scrambles seen on earlier privatisation occasions.

Elsewhere, perhaps, the unique nature of the BT sale was rather more evident. Banks unfamiliar with the routine City scrum found this new issue a novel experience.

Just around the corner, local stockbroker Smith Keen Cutler had placed a handy stall in the lobby entrance of the Midland's regional head office. Periodic sallies to the back of the bank's queue rounded up another 30 or so eager investors.

taking money for the last and biggest race of all. But it is the City firms, inevitably, which have really set the pace.

Not surprisingly, many of the professionals accept stoically enough that their institutions' applications will be drastically scaled down tomorrow to make way for the retail customers.

institutions, the UK private clients and the overseas applicants—that could mean trouble ahead. The statistics are brutally simple. The Government is selling 3,012m shares.

Take the City first. The firm promise of 47 1/2 per cent at the outset may now seem lavish; but in the end, it disappointed many if not most institutions involved and they must have hoped to pick up further shares in tomorrow's allotment.

Fund managers who still want more shares—and BT will be a key component of the UK equities market—will have to turn to the secondary market.

Many investors will be delighted with the domestic over-subscription and the staging opportunity presented, though few will be as candid as this score as Mr Walter Blum, general manager of Banca Solari and Blum of Lugano.

Concerned, liberal and well meaning? Or just plain mean? It's all very well expressing concern, but when was the last time you did something practical? A donation to charity would help. A donation to several would be better.

University fees Sir, Your editorial on November 26 touches on some fundamental issues of student finance which have not been the subject of debate but have been the subject of administrative decision by the Government.

Too distant prospectus Sir, I refer to the article headed, "Dear Marje, is this a good buy?" on November 24. Mr Barry Riley discussed the style and content of company prospectuses offering shares to the public.

Rights versus placings Sir, As a small shareholder I totally support the views concerning "Rights versus placings" expressed by Mr David Hopkinson in his letter of November 24.

Share price movements Sir, Your article "Are small shareholders missing out?" (November 24) prompts me to draw attention to another aspect of the double standards that seem to apply to the detriment of the individual personal shareholder.

A golfer's grouse Sir—Timothy Dickson's piece on the one iron man and this ludicrous handicapping system energised my pen to seek sympathy and support.

probably rather acknowledge the sentiment of Mr Nicholas Baer, chairman of Bank Julius Baer, of Zurich, itself becoming: "If you are in a club, the club expects you to behave." In other words, no quick sales for an easy profit. And the same looks to be at least as true in Japan, too.

Due to this experimental club rule we played off 36 in the first round and lost, whereas off 41 we would have won. During the many years we have played as partners we have managed to upset the apple cart of several No. 1 Irish characters in the early rounds, much to the joy of many friends and members.

Handwritten signature: Nicholas Baer

هكذا على التمثيل

Backbench unrest

The Tory hair-shirt is starting to itch

By Peter Riddell, Political Editor



Sir Keith Joseph

"WE'VE NOW managed to shoot ourselves in both feet," one minister remarked despairingly on Thursday night about the growing revolt among Conservative MPs over the Government's proposed increase in parental contributions for student grants and fees.

He was despairing because this is only the latest in a series of rows at Westminster in the past few weeks over such issues as overseas aid and the Foreign Office budget, the possible extension of Stansted airport, and the new structure of regional aid. And there are several more contentious subjects coming up during the next few weeks and months—local government reorganisation, the shake-up of local bus services, the possible extension of Value Added Tax to books and children's clothing and the possible taxation of pensions.

After going through this list one middle-of-the-road Tory backbencher apologised for appearing to be a moaner. But he is typical of a large number of Conservative MPs who feel the Government has lost its touch on a series of sensitive issues. In conversation after conversation similar phrases crop up—"arrogance," "deliberately hurting our own supporters," "penny-pinching" and "a hair-cut policy."

What is striking about these complaints is that they do not come just from the well-known critics—the dozen or two permanent dissidents like Mr Francis Pym and Sir Ian Gilmour and, at a brooding distance, Mr Edward Heath, who last night delivered his strongest attack on the Government. The unease covers most of the parliamentary party.

The immediate explanation is that the Government's actions have, inadvertently or not, hit the direct interests of hard-core Tory supporters. MPs have been inundated with letters and phone calls from constituents, not merely from the usual pressure groups and spokesmen but also from the offices and members of their local party associations.

The proposal on student grants has aroused most anger. For instance, the change will mean an increase in parental contributions of £738 per child for a family with gross earnings of £23,000 a year.

That income is not most Tory supporters' idea of wealth and, indeed, the sacrifice can be greatest at around this figure: the earnings level of many local Tory stalwarts and not a few Tory MPs. And the critics argue that the increase is unfair. Coming in next autumn it will affect students in the middle of courses and severely squeeze the finances of middle-income parents who have planned on the existing basis, especially those with more than one child

at university or polytechnic. Indeed, a phasing of the increase for such families is a possible compromise.

All these complaints can be dismissed as the predictable bleating of articulate middle-class people whose privileges are being threatened. And there is an element of hypocrisy in the view of some Tory MPs. Of course they support holding down public expenditure in general, but then oppose particular cuts that affect them.

In some respects the series of rows do represent a defensive response by MPs concerned with keeping their Parliamentary seats in the face of agitation by local special interests groups. But that is how politics works and it is up to ministers to persuade their supporters that the eventual gains are worth the immediate sacrifices.

One of the strongest arguments of the critics is that the changes have been put forward without sufficient consideration of the wider political implications. In short, are the small financial gains—£39m at most next year on student grants and the odd million pounds here or there from the British Council and the BBC external services—worth all the political aggravation? The student grants issue was not considered collectively by ministers, many of whom are horrified by the subsequent protests.

The decision was taken by Sir Keith Joseph, Education Secretary, after his bilateral talks with Mr Peter Rees, Chief Secretary to the Treasury, on the overall education budget.

The critics' view is that the current means of deciding

public expenditure can mean that politically tasty proposals are not spotted in time, or at any rate are not adequately discussed. Mrs Thatcher and the Treasury like to deal with departments one by one, preferring to avoid collective consideration.

The sceptical ministerial response to these rows is that they do not matter very much.

other, while the old "wet" versus "dry" debate over rationing is now largely dead.

Yet there is a growing unease among Tory MPs about the economy. The sharp rise in unemployment since the summer has shaken the previous belief (or hope) that the total would soon stabilise, and possibly fall, and thus not be a major political question. The

favours much faster movement on supply side measures to open up the housing and labour markets with, for example, abolition of wages councils. There is a much larger group of MPs who, in some general way would like to see more spending on infrastructure and on reducing the cost of employing younger workers, but broadly within the current public spending and borrowing limits.

It is, of course, possible to exaggerate the significance of these rumblings. The Government will no doubt carry on with its strategy largely unmodified, secure in the knowledge that a dozen or so rebels will hardly dent its 140-plus Commons majority.

With the opposition parties so divided it is tempting for ministers to say that disillusioned Tory supporters have nowhere else to go. But during Wednesday's House of Lords debate on the possible extension of VAT to books, the historian Lord Blake pointed to the remark of Lord Salisbury when Prime Minister: "It is all very well to say that they must vote for you, but they will not work for you and you will find it out in the polls."

So in many ways the happiest people at Westminster this week have been Dr David Owen of the Social Democrats and Mr David Steel of the Liberals. They are hoping—and the Government is fearing—that the first result of this unease will be a strong Liberal showing at the Southgate by-election on December 13. Nothing affects politicians more than the thought that their seats might be in danger.

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Britain's piano industry

Why Kemble is playing in tune with Yamaha

By Walter Ellis

IN 1945, the world piano market lay at Britain's feet. The Axis powers, Germany, Austria and Japan, had all been defeated, and so determined was the UK Government to establish dominance that Kemble & Co, of Stoke Newington, London, was forbidden to sell any of its pianos on the home market. All production was for export.

Today, by contrast, two of Kemble's three assembly lines are devoted to foreign markets. It produces top-quality West German Schiedmeyer for the UK, European and world markets, and this week it announced that it has begun manufacturing for Yamaha, the Japanese world leaders, for whom Kemble has been importing and wholesaling for 15 years. But it still exports 50 per cent of its own-brand pianos.

Kemble, now based in Milton Keynes and employing a workforce of 100, has also been responsible since the early 1970s for the manufacture and sale of pianos for Chappell of Bond Street, Knights of Loughton, Bentley of Stroud and the euphoniously-named London firm of Whelpdale, Maxwell and Codd between them roughly equal Kemble's output.

The market for pianos in Britain is little different from what it was in the 1950s, when some 12,000 units a year were sold, compared with between 10,000 and 11,000 in 1984. The worst sales were in 1960, when only 6,000 were sold, but more than 90 per cent of those were of British manufacture.

Almost all top names on widespread sale at present come from the enemy side in World War II — the precise producers which Britain intended should not recover their markets: Yamaha and Kawai of Japan; Steinway, Bechstein, Ibach, Schimmel and Hoffman of West Germany; Blüthner and Zimmerman of East Germany; Bosendorfer of Austria. Finland has Fazer and Hellas, while Bazzani is the sole survivor in France.

Several West German makes, including Steinway, are now in fact U.S.-owned. Joining them appears in retrospect to have been the only way of beating

comeback and the Japanese are going from strength to strength. But the Japanese miracle is not just a story of good marketing and low prices, though of course they have got it right in both fields down the years. Yamaha has been producing keyboard instruments since 1887. It established itself early on as the overall world leader in electronic instruments, yielding temporary leads to specific areas but never giving up the fight. Today it is dominant.

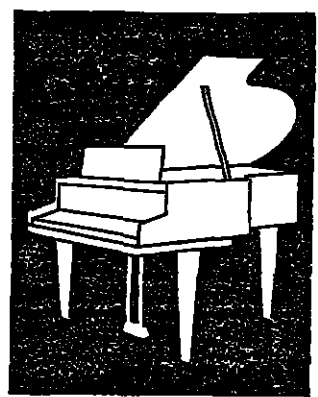
Most of the U.S., with its Poly and Mini-moog instruments, is an important name in synthesizers, as is Roland of Japan with its Jupiter 8 range. Yamaha, however, is catching up fast and has established itself as the leader in electronically-enhanced portable grand pianos, such as the CP 70 and CP 80. It has also made important advances in wholly electronic pianos, the "feel" of which is so

Most recently, Yamaha has come up with the Clavinova, range, priced between £999 and £3,000. Clavinovas play like pianos but can also masquerade as harpsichords and a host of other instruments, not necessarily keyboard. The tone quality is superb. They are designed as serious instruments, not novelties, and Harrods reports a lot of interest in the run-up to Christmas. The store is selling one a day at present.

The Kemble Group itself has never been other than family owned. Yamaha-Kemble, however, which had been two-thirds Kemble owned, became in June 80 per cent a Yamaha concern.

Yamaha-Kemble should have sales this year of nearly £18m, up from £14m in 1983, and future increases seem assured so long as the present instrument boom continues. Kemble, which has been making pianos since 1911, will continue to produce a range of standard instruments, including two models for Yamaha. It will also be engaged in contractual work for other European manufacturers.

With Yamaha it will work not only in the conventional field (Svatoslav Richter now plays a Yamaha concert grand), but in the increasingly complex and computer-aided world of electronic music. The combination of old and new seems to be working.



pects to have sold around 800 Yamaha uprights this year and as many as 250 grands.

By comparison, Kemble and Chappell uprights are now being made at a rate of 80 a week, and it is hoped to increase this figure beyond 100 in 1985. France takes nearly 300 a year, while Singapore and Malaysia — a market which Kemble is fighting hard to keep up — takes nearly 300. Australia and New Zealand long ago fell to the Japanese, who, however, now face competition from the South Koreans.

Kemble's indirect export potential will be increased next year with the addition of Schiedmeyer to its range. So far, it has produced pianos for the Stuttgart company for the UK market only; now it is ready to take responsibility for the entire world market.

While Britain, to a great extent through Kemble, has fought hard to keep its piano industry viable, the Germans, on both sides of their internal border, have staged a strong

Weekend Brief

How to be a maestro

ANY businessman with cheque-book and hide of sufficient thickness could conduct a Mahler symphony in public if he felt he had to. A horrid vision of JR on the rostrum comes to mind. But any manager who goes to the Royal Albert Hall a week tomorrow to hear the American publisher Gilbert Kaplan lead the London Symphony Orchestra will leave short-changed.

The man is an extraordinary perfectionist. It may be beyond the odds that he will win yet again the critical acclaim of his earlier performances in New York and Tokyo, but the audience will be awestruck to see embodied a performance of Mahler's Second Symphony as most of them could want.

All his business life, since founding the Institutional Investor in 1967, Kaplan has pushed the boat out further and more ostentatiously than most people — but always in the carefully



Noteworthy: Gilbert Kaplan

verified certainty that it will float.

When the stock market dumped the price of his company's shares in 1974 he bought the whole lot up himself, before selling the group for some \$80m earlier this year. He simply knew that a well-run magazine catering to the burgeoning business of international finance would be a success.

In the same way, when musicians pool-pooched his idea of conducting his beloved Mahler Second as a celebration of his magazine's 15th birthday—and his own 40th—he decided he would prove to himself that he could not do it and only then give the scheme up.

So he hired a young conductor

prietor and editor-in-chief. Kaplan toured the world in pursuit of 12 performances of the Mahler symphony, sitting in on final rehearsals. He was greatly taken by a Solti recording of the work, so he flew to London and managed to win a lesson from him.

Anyone who has had any dealings with Kaplan can envisage the attention to detail that lay behind this strange Odyssey—the meticulous letters that follow each chance meeting or offhand remark, the impeccable preparation of his every movement, the invitation of powerful financiers to smart dinners where they know they will meet each other.

Kaplan has always intuitively grasped that part of the secret of being a man of influence is to behave like an influential man.

So when 2,500 rich and famous guests filed into a New York concert hall in the autumn of 1982 the only man there who knew he was not in for an excruciating demonstration of hubris was Kaplan himself.

Yet not even he can have guessed that many of his hard-nosed audience would be moved quite close to tears and that he would shortly progress to public ovation in Carnegie Hall and ultimately to performances in other capitals. What might have been Kaplan's most astounding act of self-promotion had become something more than that.

Scoop that never was

MAYBE the most lurid chapters of 20th century history are not currently being rewritten in room 231 of Hamburg's civil court. On the other hand, though, a good deal of fun is being had by most people there — with the conspicuous exception of past and present employees of Stern magazine.

The Hitler Diaries trial is now into its fourth month. Its focus is shifting from the antics of those accused of the fraud to a severely less titillating subject: just how it was that one of the biggest and once most prestigious illustrated weeklies in West Germany was taken in by the century's most spectacular literary hoax.

When Stern began its serialisation of the 60 diaries allegedly written by Hitler, readers will recall, the word was that historians of the Third Reich would have to start all over again. Even when they were revealed as a deadly subtle East bloc plot to make it look as if West Germany was rehabilitating the Führer, or something



The truth, however, is rather simpler. The magazine was parted from \$3m and much of its reputation by two things. One, plainly, was its own greed and gullibility. The second was the continuing existence of a subculture of Nazi freaks without which the great gaffe could hardly have happened at all.

That much has already been disclosed by the testimony—hilarious at times—of the two main defendants, Gerd Heidemann, the onetime Stern reporter, occasionally known as Spünauer or "snoper," who discovered the diaries and Konrad

former nightclub owner and Stuttgart dealer in memorabilia, who by his own admission wrote them.

They make a contrasting pair. Distant and younger looking than his 52 years, Heidemann still tries to look the part of the distinguished journalist who thought he was on to the real thing. In court, though, he has come over as a Third Reich junkie whose addiction Kujau was only too happy to satisfy.

The fixes included paintings, even poems by the Führer, and the pistol with which Hitler purportedly committed suicide in 1945. Kujau apparently toyed with the idea of offering an entire opera by Hitler, entitled Wieland the Blacksmith, which Heidemann was eager to snap up—only to drop the plan when he realised that to deliver the forgery he would first have to learn music.

Unlike Heidemann, whose only defence can be his naivety, Kujau is exulting in his fame. He has the jaunty self-confidence and pride in his work of the true conman. Even the latest court order sending him back to prison during the proceedings (on the grounds that, with known foreign connections, he might make a bolt for freedom to escape a long jail term) has failed to dim his ebullience.

The trouble is that little of

and Heidemann attempt to push the blame on to each other, has shed light on where or how the Stern money went. Nor was much help provided by the evidence this week of Thomas Walde, who until dismissal was Heidemann's immediate boss at the magazine, as editor in charge of "contemporary history."

But Walde did lift a tantalising corner of the curtain on the further, and perilous, pursuit of scoops on World War Two. One hot item now is the whereabouts of the "Bernstein Room," worth \$50m and consisting of amber, mosaics and paintings stripped from the summer residence of the Tsars near Leningrad by a German command unit in 1941. "I've heard that it's under a car park in East Germany," he told the court.

Heidemann, Walde recalled, had also wanted to pick up the Martin Bormann trail in San Francisco, Alas, as Bild-Zeitung gleefully pointed out this week, Stern's last revelation on that subject was in 1972, when magazine reporters found the skeleton of Hitler's secretary, proving he had died in Berlin in 1945. Rewriting history is not easy.

Contributors
Nicholas Colchester
Robert Carroll

One high interest cheque account keeps chequing out best.

ACCOUNT	EFFECTIVE ANNUAL RATE NET OF BASIC RATE TAX*	GROSS ANNUAL INTEREST RATE OR EQUIVALENT*
ABBEY NATIONAL - CHEQUE-SAVE - NEW APPLIED RATE = 8.00% FOR £2,500 +	8.16%	11.65%
SCHRODERS - SPECIAL ACCOUNT FOR £10,000+	7.21%	10.30%
BRITANNIA/CATER ALLEN - HIGH INTEREST CURRENT ACCOUNT	6.96%	9.93%
MIDLAND - HIGH INTEREST CHEQUE ACCOUNT	6.89%	9.84%
TYNDALL - MONEY ACCOUNT	6.80%	9.71%
M & G/KLEINWORT BENSON - HIGHER INTEREST CHEQUE ACCOUNT	6.79%	9.70%
BANK OF SCOTLAND - MONEY MARKET CHEQUE ACCOUNT	6.72%	9.60%
BARCLAYS - PRIME ACCOUNT	6.70%	9.57%
SAVE & PROSPER - PREMIER HIGH INTEREST BANK ACCOUNT		

UK COMPANY NEWS

Companies and Markets

3i and Pru back £12m buyout of housebuilder

By Joan Gray
3i (Investors in Industry) and Pruventure—the venture capital arm of Prudential Portfolio Managers—are jointly underwriting a £12m management buyout of Westbury Homes...

The plan is to bring in ten more institutional shareholders after Christmas to reduce Pruventure and 3i's present stake of 50 per cent each...

We've invested in several attempts at management buyouts in the past and seen them fail because they were unable to organise a firm offer...

Technology for Business placing

Technology for Business, the USM-quoted supplier of computer systems for the legal profession, has announced details of a placing of cumulative redeemable preference shares...

Alison Hogan looks at Candover ahead of next month's SE listing

Brushing tax restraints aside

Candover Investments, the UK management buy-out specialist, will bring some fresh colour to the investment trust sector when it goes public with a quotation on the Stock Exchange next month...

scribed to its modest £100,000 equity base. Mr Robin Leigh Pemberton, Governor of the Bank of England, recently described his "remarkably successful" company had been "combining new ideas and skills with capital drawn from established City sources..."



(based on the directors' valuation of the unquoted investment trust) compared with £4.70p at June 30, 1983. Candover has seen two of its management buy-outs come successfully to the market...

reasons, occurring in the depths of the recession. Stone, for example, was bought from the receivers of Stone Flat, the textile machinery manufacturer...

Mr Brooke gained experience of venture capital and financial structuring in his years at the Industrial Reorganisation Corporation and as managing director of a European venture capital concern called Scientia...



Mr Roger Brooke, chief executive of Candover.

ing of advanced technology businesses. Candover invests small amounts of between £50,000 and £100,000 (£83,000) in some of Chappell's ventures.

R. P. Martin shares soar on bid approach

The share price of R. P. Martin, the foreign exchange and currency broker, soared 80p to 390p yesterday as the group revealed that discussions were taking place with a number of parties, including the management...

Among the outside parties rumoured to be interested in R. P. Martin are Security Pacific, a Californian bank which has interests in Hoare Govett, a London stockbroker...

Heron breaks new ground with Ecu 40m floating rate note

Heron International, the privately-owned trading and property concern, has become the first British company to issue a floating rate bond denominated in the currency basket of the EEC.

Its Ecu 40m (£34m), seven year issue launched yesterday through Banque Indosuez of Paris, also breaks new ground by being the first Ecu-denominated bond to come with warrants attached that allow investors to buy additional paper in the future.

Mr Goldman added that Heron had chosen to launch a floating rate issue because it believes that interest rates are set to fall, its bond will bear interest at a margin of 3 per cent above the London interbank offered rate for three-month Ecu deposits.

British companies have generally shied away from the rapidly growing Ecu bond market which now accounts for about a third of all new Euro-bond issues...

BSI lifts East Lancs bid again

By Alexander Nicoll

British Syphon Industries yesterday put in its fourth and final bid for East Lancashire Paper Group after the target's talks with a mystery third party ended without an offer being made.

Mr Bryan Morrill, chairman of BSI, a holding company, of which the main subsidiary makes drinks dispensing equipment, said the new offer had been made final because BSI wanted to make its position clear and to quell market speculation.

East Lancs shares fluctuated widely yesterday, dropping to 102p after news that the unidentified third party had pulled out, then rising to around 110p after Mr Ian Wasserman's G. M. Firth disclosed that it had bought a further 0.6 per cent stake in the market...

Tyne Tees counts cost of C4

AN INCREASE of 23 per cent in full year operating profits at Tyne Tees Television has been whittled down to just under 14 per cent at the pre-tax level after a sharply higher Channel 4 subscription of £8.72m (£6.4m).

All but £4,000 of Tyne Tees' £2.35m advance in operating profits was siphoned off by the subscription, but a reduction in the Exchequer levy from £1.37m to £1.05m enabled the company to return a higher taxable result of £2.6m against £2.29m.

Despite the higher subscription, which is expected to be reduced in the current year following proposals from the IBA, Tyne Tees' results in the second half of the year to September 30, 1984, were better than anticipated.

The interim stage profits before tax were up from £1.55m to £2.01m but the company said it would be optimistic to expect a better than breakeven result in the traditionally lower revenue earning second half.

Tyne Tees, which joined the USM last December, is paying a final dividend of 7.5p, making a 10.5p total. Earnings per share were stated as 25.78p (19.48p).

The full year taxable result was almost on turnover ahead by £5.82m at £46.01m. Net profits after tax amounted to £1.3m (£880,000), and there were



extraordinary credits this time of £94,000, relating to a reduction in deferred tax provision of less cost of joining the USM £38,000, net of relief for exchange levy £78,000.

Despite a "disappointing start" to the current year, the company says that industry forecasts suggest that growth in advertising revenue from ITV and Channel 4 will be no less than inflation.

Tyne Tees results are far better than had been expected in the City, which had been guided by

a cautious interim statement, and the share price rose 10p to 165p. It seems that Tyne Tees shared in the industry-wide surge in advertising this summer and that the miners' strike is having little effect on revenue.

The company has however been criticised by some very bullish commentators about current trading, based on disappointing national advertising figures for October and November. Clearly, the industry will have to do well to compensate for these changes in the rest of the year, and Tyne Tees in particular will have its work cut out since it will inevitably take a little time for the newly-established independent sales force to get going.

Mr D. C. Wall, managing director of Leyland Wallcoverings and the man largely responsible for its return to profit will join the board of William Morris.

William Morris's shares rose 1p to 16p yesterday

French Kier agrees £3.7m for R. Moss

French Kier, the civil engineering group, has agreed a £3.7m bid for Robert Moss, the primary offer is in cash at 340p per share, although accepting Moss shareholders may elect to take Kier shares on the basis of Kier for every three Moss shares.

The 340p ordinary cash offer per share compares with the 170p price of 150p per Moss share over the last 12 months and net assets of 379p per share at the December 1983 balance sheet date.

Moss, based in Loughborough, has been through a period of "considerable reorganisation" recently, concentrated on the receivership of the Access Equipment subsidiary. Loss elimination at Access and action taken in other areas helped Moss to recover from 1982 losses of £1.3m to a surplus of £578,000 before extraordinary items last year and the group is now forecasting profits on the same basis of £625,000 for calendar 1984.

The deal meets Kier's stated criterion of geographical expansion and Moss' long established businesses in the Midlands, the North West and Scotland, will help to expand Kier's representation.

Dixons victory in High Street battle for Currys

By Charles Batchelor

Dixons, the photographic and electrical retailer, yesterday put the seal on its £248m takeover of its High Street rival Currys with an announcement that it had increased its stake to 51.44 per cent.

On Thursday Dixons claimed effective victory in the eight-week contest with a holding of 50.5 per cent in Currys but a 2 per cent block of shares still had to be registered in the names of their new owners. This prevented Morgan Grenfell, Dixons' main bank, from declaring that the bid had gone unconditional.

Morgan Grenfell said yesterday that the 51.44 per cent holding included only registered shares and the bid was now unconditional. Acceptances amounted to 36.8 per cent while Dixons also owned 14.6 per cent.

Dixons shares rose 6p yesterday to 344p while Currys fell 4p to 529p. Dixons' revised offer comprises two of its own shares and 740p cash for every three Currys shares.

Morgan Grenfell said it had added the 2 per cent holding of unregistered shares to its claimed stake in Currys in Thursday because of the close-run nature of the bid battle.

With the Currys family holding a combined 34.40 per cent stake in the company (30 per cent by Dixons' reckoning and 40 per cent by Currys' own reckoning) Dixons was effectively left to bid for a majority from the outstanding 60.70 per cent.

Normally shares which had changed hands during the course of the battle and which remained unregistered with their new owners would be left out of the bid equation, Morgan Grenfell said.

Warburton yesterday noted Dixons' statement that its offer was unconditional and said they would be advising shareholders shortly on what action to take.

Dixons has extended its offer for a further week to Friday December 7.

W. Morris £3m wallpaper deal

By Charles Batchelor

William Morris Fine Arts, the sculpture casting and wallpaper manufacturer, is paying about £3.3m cash for the wallcoverings business of Leyland Paint and Wallpapers. The deal will be partly financed by a one-for-two rights issue raising £2.35m net.

William Morris bought 10 per cent of Leyland Wallcoverings and up to a further £1.7m for stock. William Morris proposes consolidating its 10p shares into 20p shares and making a rights issue of 10.41m new shares on the basis of one-for-two at 24p per share. The issue is being underwritten and handled by L. Messel, the stockbroker.

profit of £127,000 on turnover of £5.17m in the six months ended June 30 1984 after a loss of £1.3m in the whole of 1983 on sales of £13.4m.

William Morris came to the USM in April following a reverse takeover of Ceylon and Indian Plasters Holdings. It has conditionally agreed to pay £1.6m for Leyland Wallcoverings and up to a further £1.7m for stock. William Morris proposes consolidating its 10p shares into 20p shares and making a rights issue of 10.41m new shares on the basis of one-for-two at 24p per share.

seven vinyl ranges and five wallpapers. It has 350 designs and 1,100 different colour combinations.

Leyland exports about 25 per cent of its finished wallcoverings and vinyl based material to the Continent and North America. William Morris has no vinyl production of its own and does not export to North America. It makes 6m rolls of wallcoverings a year. Some rationalisation of the two companies' ranges will be necessary.

Take-over bids and deals

Regional newspaper group United Newspapers launched an agreed bid for Exchange and Mart owners Ling House Publications. United is offering 247 of its own shares for every 100 Ling, valuing the latter at over £90m. Shareholders in Ling, including the board and their families, have accepted in respect of about 60 per cent of the equity.

A £44m bid by Intasun Leisure for Comfort Hotels and International was shrugged aside by Comfort which immediately launched an agreed offer of its own for fellow hoteliers Prince of Wales Hotels. Intasun is offering two of its own shares plus 130p cash for every five Comfort shares. Comfort's bid of 98 of its shares for 54 Prince of Wales has been accepted by Taddale Investments, which owns 51 per cent of PoW.

London and Midland Industrials made an agreed bid for hospital equipment and light engineering concern Hoskins and Horton. The terms of eight LMI shares for every five Hoskins and Horton value the latter at £7.47m. The LMI bid tops an earlier contested offer for H & H from Scottish Heritable Trust. LMI has the backing of the Hoskins' directors, but Scottish Heritable already has control of nearly 30 per cent of the Hoskins equity and is presently considering its position.

The battle for control of Cullens Stores, the loss-making grocery and off-licence chain, intensified this week as two of the three contenders increased their offers. Original bidder Whitting (105) raised its bid to £7.94m, but Mr Lewis Cartier's Aromaglade then stepped up its offer to £8.2m. St Pauls Stores, the third bidder has, as yet, made no fresh moves.

Scottish and Newcastle Breweries made a recommended offer for Moray Firth Distillers, the USM-quoted Scotch whisky malt producer, valuing the Intasun-owned company at £22.1m. S & N already hold a 29.34 per cent stake in Moray, most of which was acquired last August. The terms are 11 S & N shares for every four Moray and S & N already have enough acceptances for control.

SUMMARY OF THE WEEK'S COMPANY NEWS

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Lists companies like East Lancs Paper, British Syphon, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit (£000), Earnings* per share (p), Dividends* per share (p). Lists companies like Bolton Text Mills, Borthwick & Sons, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends* per share (p). Lists companies like Allied Lyons, Basset Foods, etc.

Fourth party drops out of battle for Cullen's

By Alexander Nicoll

MR JOHN FLETCHER, who currently holds the balance in a three-sided bid battle for Cullen's Stores, said last night that an unidentified fourth party with whom he had held tentative talks was no longer interested in making an offer for Cullen's.

Speculation about another bidder had helped to boost Cullen's share price. The unidentified fourth party, who stepped up to 510p, against the 460p cash alternative offered by Mr Lewis Cartier, the 420p offer by Mr Fletcher, the former Asda store chief.

It was disclosed yesterday that Mr Cartier, once head of a supermarket chain, had struck an unusual profit-sharing agreement with Mr David Cullen, a former Cullen's director who has teamed up with him and pledged the 24.5 per cent holding in Cullen's for which he speaks to the Cartier offer.

Mr Cullen's shareholding is sold to the successful bidder, Mr Cullen will share some of the profits above a given share price until the end of the year. Mr Cartier's expenses in making the bid.

Barclays Merchant Bank advisers to Cullen's, made representations to the Takeover Panel about the arrangement. Mr Tim Barker, the panel's director-general, said takeover rules barred individual shareholders from getting favourable treatment, but that the Cartier/Cullen agreement did not treat Mr Cullen favourably. The panel has cleared it.

More than 80 per cent of Cullen's voting equity is either owned by, or committed to, one of the three competing bidders. Mr Fletcher's holding, 10 per cent of voting shares and 20 per cent of non-voting, holds the key to breaking the deadlock especially as he has not yet increased his initial offer. He is expected to decide on a course of action next week.

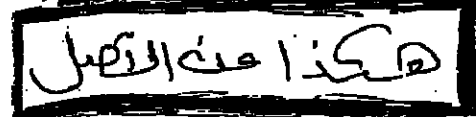
Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Lists companies like Advance Securities, Anglo-Scott Inv, etc.

Offers for sale, placings and introductions

Rex Williams Leisure—Placing of about 85 per cent of equity on USM.

Rights Issue

FII Group—To raise £1.9m through a rights issue on the basis of four 7.7 per cent cum red pref shares 1985-88 of £1 for every 8 ordinary shares held.



UK COMPANIES

INTERNATIONAL COMPANIES and FINANCE

RESULTS DUE NEXT WEEK

OFFY has penciled in an increase in GEC's taxable profits for the six months to September...

Lager will again be making all the running for Bass when it unveils on Thursday its figures for the year to September...

Ferranti will complete an active week for the electrical sector when it releases its results for the six months to September on Thursday...

Table with columns: Company, Dividend due, Last year, Final, This year. Lists various companies like BOC, Ferranti, etc.

Morland increases payment With earnings for the year ended September 30 1984 showing a rise from 14.6p to 16.4p...

Table with columns: Company, Date, Current payment, Corres. Total, Total. Lists companies like British Telecom, etc.

HNG pays \$800m for Florida gas pipeline

HOUSTON NATURAL GAS (HNG), the big diversified energy group which recently underwent a major management reshuffle...

The acquisition is an important move for HNG which earlier this month agreed to pay \$390m for the Transwestern Pipeline Company...

Southland, the world's biggest convenience store chain, is sharply reducing the output of its Lake Charles oil refinery in Louisiana...

Crude oil runs at the refinery are to be cut from 258,000 barrels a day to 140,000 barrels and nearly half the 1,500 workforce is to be laid off.

NESTLE, the Swiss-based diversified foods producer, is raising \$1bn in the Euro-markets through a three-year short term note facility led by Credit Suisse First Boston.

The facility, the largest of its kind for a prime corporation, will provide Nestlé with a very finely priced and highly flexible financing package...

The borrowing by Nestlé has been rumoured in the market-place for more than a week, although on Tuesday Herr Helmut Maucher, managing director, had said its launch would be put off until the U.S. Federal Trade Commission rules on the company's bid for Caracation.

An article in yesterday's FT about the Kuwaiti government's decision to set up a committee to consider the country's stock exchange problems stated erroneously that the present crisis in the stock market could lead to a political instability...

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Mazda plans \$450m plant in U.S.

By Robert Cottrell in Tokyo

MAZDA Motor Company, Japan's third-largest carmaker, announced yesterday that it plans to build a \$450m vehicle manufacturing plant in the U.S. at Flat Rock, Michigan.

The investment will make it the fourth Japanese automobile company to set up U.S. production, after Nissan Motor, Toyota Motor and Honda Motor.

Textron, which earlier this year fought off an unwelcome \$1.6bn bid from Chicago Pacific, said that its offer would enable Avco shareholders to realise a very substantial premium for all their shares.

Textron earned \$79m on sales of \$2.3bn in the first nine months of 1984 while Avco earned \$90.3m on sales of \$2.1bn.

buy, nor what types of car will be manufactured at Flat Rock. The likeliest choice is thought to be Mazda's 626 Capella series.

It also discussed labour issues with the United Auto Workers trade union, and says it has reached an "understanding" providing for UAW participation at Flat Rock.

Mazda produced 1.17m vehicles in 1983 at its two plants in Hiroshima and Hofu, western Japan, this was 10.5 per cent more than the company's production ranking the company third in Japan after Toyota (29.4 per cent) and Nissan (22.3 per cent).

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Norwegian seismic specialists to merge

By Fay Gjester in Oslo

ANDENAES, the Norwegian group whose interests range from real estate through software and seismic surveying to helicopter transport, is merging its two Norwegian seismic subsidiaries with Geoco, the Norwegian seismic survey company, in a deal worth a total of Nkr160m (\$18m).

Geoco is issuing 130,000 new shares with an approximate total value of Nkr 25m, which Andenaes will receive in exchange for the two subsidiaries.

Earlier this week, Mr Irwin Jacobs, the Minneapolis financier, revealed that he controlled 12 per cent of Avco and was interested in taking the company over.

For the 1983-84 year the group increased net profit by 55 per cent to DM 90m and raised its dividend by DM 1 to DM 9 a share.

DEGUSSA, the West German precious metals and chemicals group, increased profits in the year to September 30 despite a fall in group turnover by 0.8 per cent to DM 11bn (\$3.6bn).

For the 1983-84 year the group increased net profit by 55 per cent to DM 90m and raised its dividend by DM 1 to DM 9 a share.

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Textron in \$1.3bn bid for embattled Avco

By William Hall in New York

TEXTRON, the New England conglomerate has made a \$1.3bn offer for Avco, its more profitable New England rival.

Textron earned \$79m on sales of \$2.3bn in the first nine months of 1984 while Avco earned \$90.3m on sales of \$2.1bn.

Textron, which earlier this year fought off an unwelcome \$1.6bn bid from Chicago Pacific, said that its offer would enable Avco shareholders to realise a very substantial premium for all their shares.

Textron earned \$79m on sales of \$2.3bn in the first nine months of 1984 while Avco earned \$90.3m on sales of \$2.1bn.

Toronto-Dominion advances 9%

By Bernard Simon in Toronto

TORONTO-DOMINION Bank, fifth largest of Canada's banking groups, raised net income 9.4 per cent to C\$355.8m (U.S.\$270m) in the year to October 31, 1984.

The bank confirmed its ratings as the most efficient of the big Canadian banks by raising return on average assets in the year from 0.74 per cent to 0.80 per cent.

assets also strengthened significantly, to 5.10 per cent, one of the strongest positions among North American banks.

Mr Richard Thomson, chairman, said prospects for 1985 pointed to a better business climate in most markets and he forecast "continued growth."

Closure for HK daily newspaper

THE PRO-TAIWAN Kung Sheung Daily News, the second oldest Chinese language newspaper in Hong Kong, and its evening edition, are to cease publication today because of financial difficulties, Renter reports.

Mr Robert Ho, managing director, said the combined daily circulation has dwindled to 80,000, from 200,000 in 1983.

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Two Dutch papermakers in Fl 80m joint venture

By Laura Raun in Amsterdam

BUEHRMANN-TETTERODE and Royal Dutch Paper Mills, the two largest Dutch paper companies, have agreed to invest Fl 80m (\$23.1m) in a joint venture for the production of corrugated-cardboard paper using recycled material.

The corrugated-cardboard paper activities of both companies will be consolidated at Buehrmann-Tetterode's Roermond factory, where production capacity will be increased to more than 200,000 tonnes a year from the current 150,000 tonnes.

Eric Energy Recovery Investment Corporation S.A. The Council of The Stock Exchange have granted a dealing facility under Rule 535.3 of its Rules and Regulations.

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Kuwait stock market

An article in yesterday's FT about the Kuwaiti government's decision to set up a committee to consider the country's stock exchange problems stated erroneously that the present crisis in the stock market could lead to a political instability...

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar improves

The dollar rose strongly in the money market yesterday, following further commercial and speculative demand. News of a \$2.7m rise in U.S. M1 money supply for the last week increased the dollar's attractiveness as the figure was much larger than market estimates of a \$2m rise. The size of the increase added further weight to the argument that U.S. interest rates were likely to bottom out sooner rather than later. Even ignoring this, there was still a good commercial demand for dollars ahead of the year end.

Trading volume remained comparatively light nevertheless and this may have inhibited the dollar's upward path to some extent as people were still wary of the West German Bundesbank and the possibility of sudden and sizeable dollar sales.

OTHER CURRENCIES

Table with columns for currency (e.g., Australia Dollar, Brazil Cruzeiro), Nov. 30, and exchange rates.

EXCHANGE CROSS RATES

Table showing cross rates for currencies like Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, etc.

STERLING EXCHANGE RATE INDEX

Table showing Sterling Exchange Rate Index with columns for time (8.30 am, 9.00 am, etc.) and index value.

POUND SPOT-FORWARD AGAINST POUND

Table showing Pound Spot-Forward rates for various currencies like U.S., Canada, Australia, etc.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table showing Dollar Spot-Forward rates for various currencies like U.K., Ireland, Canada, etc.

Little change

UK interest rates showed little overall change in the London money market yesterday. Sterling finished the day considerably stronger, although U.S. interest rates were also firmer. Three-month interbank money was quoted at 9 1/8 per cent, unchanged from Thursday, while three-month eligible bank bills were bid at 9 1/8 per cent, also unchanged from Thursday. Weekend interbank money opened at 9 1/8 per cent and eased to 9 1/4 per cent where it stayed for much of the morning. Rates eased to 8 1/2 per cent on the Bank's assistance and then fell right away to 5 per cent. Late balances commanded 8 per cent.

The Bank forecast a shortage of around £400m with factors affecting the market including maturing assistance and a take

UK clearing banks' base lending rate 9 1/8 per cent since November 23.

up of Treasury bills together with the sale of £400m of Treasury bills at 9 1/8 per cent. The forecast was revised to a shortage of £500m and the Bank gave assistance in the morning of £45m, comprising purchases of £15m of eligible bank bills in band 1 (up to 14 days) at 8 1/2 per cent and £100m in band 2 (15-30 days) at 9 per cent. The forecast was further revised to a shortage of around £550m, before taking into

MONEY MARKETS

LONDON MONEY RATES

Table showing London Money Rates for various terms like Overnight, 7 days notice, 1 month, etc.

Discount Houses Deposit and Bill Rates

Table showing Discount Houses Deposit and Bill Rates for various terms like Treasury (Buy), Treasury (Sell), etc.

FT LONDON

INTERBANK FIXING

Table showing Interbank Fixing rates for 11.00 a.m. November 30 and 3 months U.S. dollars.

FT LONDON

INTERBANK FIXING

Table showing Interbank Fixing rates for bid 9 1/8 offer 9 1/8 and bid 9 1/2 offer 9 5/8.

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro-Currency Interest Rates for various currencies like Sterling, U.S. Dollar, Canadian Dollar, etc.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro-Currency Interest Rates for various currencies like U.S. Dollar, Canadian Dollar, Dutch Guilder, etc.

Companies and Markets

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like Metals, Grains, Oils, etc.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Gold depressed by stronger dollar

Far Eastern buying interest and the strike at the Southern Peru Copper Corporation. However, gloomy forecasts about a downturn in the U.S. economy, and a decline in New York copper prices in the face of poor demand, brought sharp price falls that wiped out earlier gains. Three months higher grade copper ended the week £19.75 down at £110.75 a tonne. Lead values also dropped sharply, following the surprise decision by workers on strike since October 1 at Asarco's Glover lead smelter to accept the company's latest pay offer for 15 months, partly in spite of following a further decline in LME warehouse stocks, further

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Gold depressed by stronger dollar

could set a precedent for settlement of the other strikes on the Missouri lead "belt" by workers at Anax and St. Joe Resources, helped by an easing in the recent shortage of immediate available supplies, cash lead led £27.50 to £335.5 a tonne, while the three months quotation was £15.5 lower at £31.5. The most spectacular performer among the soft commodities was the expiring November position on the London Potato Futures Market. Concern over the availability of supplies for tendering against a high uncovered position, exacerbated by a shortage of storage space, prompted nervous covering against earlier short sales and the price rose dramatically. November potatoes went off the board yesterday at £179 a tonne, up £64 on the day and £110.70 on the week. Forward positions traded quietly, however, with prices generally falling a little lower on the week.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

AMERICAN MARKETS

Gold and silver declined in reaction to the large increase in the money supply reports. Commodities and Copper held steady as speculators were scaled-down buyers despite the bullish influence of the steady dollar. Sugar continued to exhibit a mild trend to the downside as cash prices failed to strengthen on a pick-up in cash activity. Coffee was featureless, light volume as roaster activity was absent in the face of mixed fundamental news. Wheat and soybeans were steady, with soybeans later in the session. Cancellation of wheat export sales and heavy deliveries in maize and wheat pressured values early but stronger cash values for maize and soybeans later in the session.

OIL

The NYMEX crude contract lost ground after a low of \$33.50. Trading was mostly quiet and featured light buying in the afternoon pushing the metal up from the day's low.

BASE METALS

Table showing Base Metals prices for Aluminum, Copper, Nickel, etc.

INDICES

Table showing Financial Times Indices for Nov 26, Nov 28, Mth ago, etc.

INDICES

Table showing Reuters Indices for Nov 30, Nov 29, Mth ago, etc.

GAS OIL FUTURES

Table showing Gas Oil Futures prices for various grades like Arab Light, Arab Heavy, etc.

TIN

Table showing Tin prices for High Grade, Low Grade, etc.

WHEAT

Table showing Wheat prices for various grades like No. 1, No. 2, etc.

WHEAT

Table showing Wheat prices for various grades like No. 1, No. 2, etc.

GOLD

Gold fell \$2 an ounce from Thursday's close in the London market. The metal opened at \$329.25 and traded between a high of \$329.33 and a low of \$328.50.

LEAD

Table showing Lead prices for High Grade, Low Grade, etc.

SILVER

Table showing Silver prices for Bullion, L.M.E., etc.

SILVER

Table showing Silver prices for Bullion, L.M.E., etc.

GOLD BULLION (fine ounce NOV. 30)

Table showing Gold Bullion prices for various grades like Kref, Krug, etc.

ZINC

Table showing Zinc prices for High Grade, Low Grade, etc.

POTATOES

Table showing Potato prices for various grades like No. 1, No. 2, etc.

POTATOES

Table showing Potato prices for various grades like No. 1, No. 2, etc.

LONDON STOCK EXCHANGE

MARKET REPORT

Investors stay on sidelines awaiting Telecom debut and leading shares drift back from record highs

Account dealing dates... First Declara- Last Account Dealings...

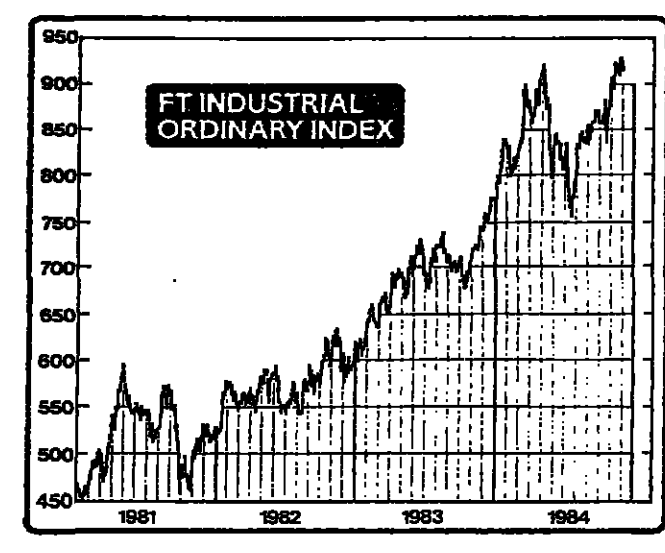
Investors were reluctant to enter into fresh commitments on the last trading session before British Telecom...

The absence of any significant company trading announcements contributed to the market's dullness...

Bank of England's proposed new debt regulations, coupled with fears of increased competition following Midland Bank's plans...

Several recently-issued equities continued to attract support, albeit in narrow markets. Media Technology gained 9 more to 189p...

Most leading Buildings closed easier in the face of light selling. The FT Ordinary share index closed at 917.3...



2 to 78p; the half-year figures are due next Thursday. Coalite, interim results scheduled for Wednesday...

Stores lose ground. Reports of a disappointing start to the all-important Christmas trading period coupled with "take profits" advice left leading Stores with substantial losses...

BOC fall afresh. BOC remained a nervous market ahead of next Thursday's preliminary results and eased afresh to close 7 lower at 233p...

Among Leisure issues, Madmanister attracted support following 13 to 106p. Renewed demand in a restricted market lifted Pleasurama 17 to 322p...

Secondary issues provided the major movements in Foods. Press comment stimulated Meadow Farm Produce, up 25 to 315p in a restricted market...

spurring 80 to 390p in after-hours dealings following news of a bid approach. The announcement prompted a sympathetic mark up in related Financials...

Thursday evening's late rally in the leading Oils failed to follow through into initial trading yesterday and most issues drifted back a lack of interest. However, the two leaders BP and Shell picked up in the afternoon...

Mining markets ended a generally poor week on December 29. The metal price closed a net \$5.2 lower at \$329.25 an ounce...

FINANCIAL TIMES STOCK INDICES

Table with columns for various stock indices (Government Secs, Fixed Interest, Industrial Ord, etc.) and their values for Nov 30, Nov 29, Nov 28, Nov 27, Nov 26, Nov 23, and year ago.

Table titled 'HIGHS AND LOWS S.E. ACTIVITY' showing high and low values for various indices and S.E. activity for 1984 and since completion.

LEADERS AND LAGGERS

Table showing percentage changes since December 29, 1984, based on Thursday, November 29, 1984. Lists various sectors like Tobacco, Insurance, Office Equipment, etc.

ACTIVE STOCKS

Table showing active stocks with columns for stock name, closing price, and change.

THURSDAY'S ACTIVE STOCKS

Table showing Thursday's active stocks with columns for stock name, closing price, and change.

5-DAY ACTIVE STOCKS

Table showing 5-day active stocks with columns for stock name, closing price, and change.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Large table containing FT-Actuaries Share Indices, including sub-sections like Capital Goods, Building Materials, etc., and a Highs and Lows Index.

FIXED INTEREST

Table showing average gross redemption yields for various fixed interest instruments like British Government, 1-5 years, etc.

BRITISH GOVERNMENT INDEX-LINKED STOCKS

Table showing British Government Index-linked stocks with columns for stock name, price, and change.

Table showing equity sections or group with columns for equity section or group, base date, and base value.

MONTHLY AVERAGES OF STOCK INDICES

Table showing monthly averages of stock indices for November, October, and September 1984.

OPTIONS

First Last Last For Deal-Deal- Declara- Settling... Bryson, China 5 per cent... Options saw calls transacted in...

NEW HIGHS AND LOWS FOR 1984

Table showing new highs and lows for 1984, categorized by sectors like New Higes (85), Newspapers (32), etc.

RISES AND FALLS

Table showing rises and falls on the week, categorized by sectors like Yesterday, Today, etc.

RECENT ISSUES

EQUITIES

Table showing recent issues in equities with columns for issue price, amount, and date.

FIXED INTEREST STOCKS

Table showing fixed interest stocks with columns for issue price, amount, and date.

"RIGHTS" OFFERS

Table showing rights offers with columns for issue price, amount, and date.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. Dividend rate paid or payable on part of capital...

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STOCK EXCHANGE DEALINGS

STERLING ISSUES BY FOREIGN COMPANIES INT'L. 11-23/2004 1000 630...

Details of business done shown below have been taken from the list of Thursday's Stock Exchange Official List and should not be reproduced without permission.

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

CORPORATION & COUNTY. London Stock 1984-85 634 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

UK PUBLIC BONDS. Agricultural Mkt Corp 7/2004 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

COMMONWEALTH GOVT. South Australia Govt 1976 629 4 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

FOREIGN STOCKS. (coupons payable in London) American Express 1984 629 4 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

STERLING ISSUES BY OVERSEAS BORROWERS. American Express 1984 629 4 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

BANKS DISCOUNT. Bank of Ireland 1984-85 624 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

BREWERIES. Allied-Lyons 1984-85 624 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

PROPERTY. Allied London 10/2004 611 107 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

FINANCIAL TRUSTS. Allied Home Invest 10/2004 611 107 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

MINES-SOUTH AFRICAN. Anglovaal A (R.O.S.) 632 27 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

MINES-MISCELLANEOUS. Anglovaal A (R.O.S.) 632 27 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

PROPERTY. Allied London 10/2004 611 107 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

FINANCIAL TRUSTS. Allied Home Invest 10/2004 611 107 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

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MINES-SOUTH AFRICAN. Anglovaal A (R.O.S.) 632 27 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

MINES-MISCELLANEOUS. Anglovaal A (R.O.S.) 632 27 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

PROPERTY. Allied London 10/2004 611 107 (23111) 13000000...

Westcott Invest Tr Soc Ltd 1984-85 633 (23111) 13000000...

INSURANCE. General Acc Fire Life Assoc Corp 7/2004 13000000...

UNLISTED SECURITIES MARKET

Access Satellite Int'l 1984-85 620 (23111) 13000000...

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland

PROPERTY

Allied London 10/2004 611 107 (23111) 13000000...

PLANTATIONS

Anglo-Indonesian Corp 9/2004 611 283 (23111) 13000000...

RAILWAYS

Canadian Pacific 7/2004 611 107 (23111) 13000000...

SHIPPING

Harbour Grace 6/21 633 (23111) 13000000...

UTILITIES

Barnes Transport 6/1004 170 50 (23111) 13000000...

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, May, Last, Stock. Includes GOLD, SILVER, and various currencies.

LONDON TRADED OPTIONS

Table with columns: Option, Jan., Apr., July, Aug., Sept., Oct., Nov., Dec. Includes B.P., Com. Gold, Courtwards, Com. Union, S.F.O., Grand Mkt., L.O., Land Sec., M&S, Shell Trans, Treasury, and various indices.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Alkhan Group, Allied Unit Tr. Mgrs., and others, with columns for fund names and values.

FT UNIT TRUST INFORMATION SERVICE

Main table listing unit trusts under categories like FT Unit Trust Mgrs., Key Fund Managers, and others, including fund names and performance metrics.

General Portfolio Life Ins. PLC

Table listing various insurance and investment products, including General Portfolio Life Ins. PLC, Clerical Medical/Fidelity International, and others.

Barlow Flowers & Partners Gilt Edged Specialists. Advertisement for financial services with contact information for Warnford Court, Throgmorton Street, London EC2N 2AT.

Advertisement for Barlow Flowers & Partners, featuring a large stylized logo and contact details.

Advertisement for Barlow Flowers & Partners, featuring a large stylized logo and contact details.

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Handwritten text: "Handwritten text" in a box at the top center.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including company names, fund names, and numerical values.

Table of financial data for money funds, including company names, fund names, and numerical values.

Table of financial data for insurance and overseas funds, including company names, fund names, and numerical values.

Table of financial data for money funds, including company names, fund names, and numerical values.

OFFSHORE AND OVERSEAS

Table of financial data for offshore and overseas funds, including company names, fund names, and numerical values.

Money Market Trust Funds

Table of financial data for money market trust funds, including company names, fund names, and numerical values.

Money Market Bank Accounts

Table of financial data for money market bank accounts, including company names, fund names, and numerical values.

FT LONDON SHARE INFORMATION SERVICE



BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Change.

Five to Fifteen Years

Table of funds categorized by 5 to 15 year maturity.

Over Fifteen Years

Table of funds categorized by over 15 year maturity.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

Prospective real redemption rate as projected inflation of (1) 10% and (2) 5%.

AMERICANS

Table of American stocks with columns for Name, Price, and % Change.

BEERS, WINES—Cont.

Table of beer and wine stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road stocks.

DRAPERY & STORES—Cont.

Table of drapery and store stocks.

ENGINEERING—Continued

Table of engineering stocks.

ELECTRICALS

Table of electrical stocks.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial stocks.

CANADIANS

Table of Canadian stocks.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks.

DRAPERY & STORES

Table of drapery and store stocks.

ENGINEERING

Table of engineering stocks.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of international bank and overseas government sterling issues.

BANKS, HP AND LEASING

Table of bank, home purchase, and leasing stocks.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS

Table of various loans.

Public Board and Ind.

Table of public board and industrial stocks.

Financial

Table of financial stocks.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stocks.

DRAPERY & STORES

Table of drapery and store stocks.

ENGINEERING

Table of engineering stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial stocks.

AMERICANS

Table of American stocks.

BEERS, WINES—Cont.

Table of beer and wine stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road stocks.

DRAPERY & STORES—Cont.

Table of drapery and store stocks.

ENGINEERING—Continued

Table of engineering stocks.

ELECTRICALS

Table of electrical stocks.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial stocks.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high/low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas.

PROPERTY—Continued

Table of property stocks including companies like British Land, Granada, and News International.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various funds like British American, British European, and British Global.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and Esso.

MINES—Continued

Table of mining stocks including companies like Anglo-American, De Beers, and Anglo-Platinum.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland and British Aerospace.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Leyland and Daimler.

Components

Table of component stocks including companies like Lucas and Lucas Industries.

Garages and Distributors

Table of garage and distributor stocks including companies like British Rentacar and British Rentacar.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International and News International.

PAPER, PRINTING

Table of paper and printing stocks including companies like Newsprint and Newsprint.

ADVERTISING

Table of advertising stocks including companies like British Advertising and British Advertising.

SHIPPING

Table of shipping stocks including companies like British Shipways and British Shipways.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Leather and British Leather.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-American and Anglo-American.

TEXTILES

Table of textile stocks including companies like British Textiles and British Textiles.

TOBACCO

Table of tobacco stocks including companies like British American and British American.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various funds and companies.

PROPERTY

Table of property stocks including companies like British Land and British Land.

INSURANCES

Table of insurance stocks including companies like British American and British American.

FINANCE, LAND, etc

Table of finance, land, and other stocks including various funds and companies.

PLANTATIONS

Table of plantation stocks including companies like British Plantations and British Plantations.

TEAS

Table of tea stocks including companies like British Tea and British Tea.

MINES

Table of mining stocks including companies like Anglo-American and Anglo-American.

Central Rand

Table of Central Rand mining stocks including companies like Anglo-American and Anglo-American.

Eastern Rand

Table of Eastern Rand mining stocks including companies like Anglo-American and Anglo-American.

Far West Rand

Table of Far West Rand mining stocks including companies like Anglo-American and Anglo-American.

O.F.S.

Table of O.F.S. stocks including companies like Anglo-American and Anglo-American.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo-American and Anglo-American.

IC design and construct cost effective developments for industry and commerce. D.C. Limited, Dept. 200, Avon 0785-4285.

MINES—Continued. Table of mining stocks including Anglo-American, De Beers, and Anglo-Platinum.

NOTES. Text providing information about the stock market and the publication.

PLANTATIONS. Table of plantation stocks including British Plantations and British Plantations.

TEAS. Table of tea stocks including British Tea and British Tea.

MINES. Table of mining stocks including Anglo-American and Anglo-American.

REGIONAL & IRISH STOCKS. Table of regional and Irish stocks including Anglo-American and Anglo-American.

This service is available to every company... A selection of options traded in the London Stock Exchange Report page.

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FINANCIAL TIMES

Saturday December 1 1984

AMERICAN APPRAISAL
WHITENALL, LONDON
and 50 offices around the world

MAN IN THE NEWS

Reagan's right hand

BY REGINALD DALE

A BEAMING Senator Robert Dole stood in the Senate finance committee room on Wednesday afternoon, publicly relishing his victory in the fierce contest for Republican Majority Leader—and, as usual, bubbling with wisecracks.

A lot of people he had not heard from lately had telephoned their congratulations, he said—former President Richard Nixon, the President, the Vice-President, the Secretary of Commerce and the Secretary of Transportation. His wife, Elizabeth, was standing right next to him. "Are you free for lunch tomorrow?" he asked.

It is a social cliché in Washington that Bob and Liddy Dole—the second most powerful couple after the Reagans—do not see much of one another. Indeed, they actively cultivate the size of two hard-working professionals at the top of the Washington pyramid, whose lives are devoted mainly to their jobs.

Bob Dole is now going to be even busier than he has been for the past four years as chairman of the influential Senate Finance Committee where he gained a reputation as an



ROBERT DOLE

energetic "can-do" political operator. As Majority Leader—the most powerful position in the Senate—he will be responsible for steering President Ronald Reagan's second-term legislative programme through Congress, and for saying "no" to Mr Reagan when necessary.

He will have a smaller majority to play with than his much-respected predecessor, Senator Howard Baker of Tennessee (with only 53 Republican Senators against 55 before this month's elections), and he will have to cope with what may be an increasingly restive "moderate" wing.

Dole himself, once strictly conservative, is now more moderate on economic, social and foreign policy, although still to the right of centre by the standards of most Democrats. In his own party, he has distanced himself from the ideological right-wing and its "supply side" economic philosophy.

Facing re-election in 1986, he will have to continue to nurse his Kansas constituency, and it is an open secret that he is considering running for President in 1988. It is only half a joke in the family that the two Doles might run on the same ticket, although Mr Dole says that he does not know which one would agree to be vice-president.

On Wednesday, Dole was coy about his Presidential aspirations. Asked about his plans, he replied, "I'm not worried about '88. I'm worried about lunch." But he did say that he thought Walter Mondale, this year's defeated Democratic challenger, had made a mistake by seeking too much early exposure as a candidate, two to three years before the election.

President Gerald Ford's defeated vice-presidential running mate in 1976, Dole once had a reputation for abrasiveness verging on rudeness. After a hostile 1976 Vice-Presidential debate with Mondale, he acquired the reputation as Ford's hatchet man, and was blamed for being at least partly responsible for President Jimmy Carter's narrow victory.

Since then, he has mellowed, partly, it is said, under the influence of his wife, who he married in 1975. A young-looking 61, he is now regarded as one of the party's elder statesmen, and his renowned wit is less acerbic.

There is no doubt that he will stand up toughly to Mr Reagan if he feels he has to, and the budget deficit to which he wants to give top priority, could prove one of the first bones of contention.

Heath derides Thatcher's 'kitchen-sink' economics

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

MR EDWARD HEATH last night derided what he called the kitchen-sink economics of the housewife underlying the Government's reluctance to increase public borrowing and accused the Government of taking undue risks with Britain's social stability.

Mr Heath, Tory Prime Minister in 1970-74, was speaking to the Peel Society in Staffordshire and in a recorded television programme A Week in Politics in which he elaborated on his speech.

He criticised the Government for its handling of the miners' strike, its refusal to invest in industry, its cuts in student grants, the abolition of the Greater London Council and the metropolitan county council, and spending cuts in the Foreign Office budget.

He said these criticisms were not coded — they were intended to be outspoken.

They have come at a time of mounting unease and criticism of the Government from within the Tory Party on all these issues. None the less the feeling in Downing Street last night was that Mr Heath's contribution might inadvertently help the Government. It was suggested that he did not have a large following among Tory backbenchers.

In his speech Mr Heath used the 150th anniversary of Tory Sir Robert Peel's Tamworth Manifesto — in which the principles of the emerging Conservative Society were first outlined, at an election — to praise Peel for qualities which by implication distinguished him from the present Tory leadership. Peel was Prime Minister in 1834-35 and 1841-46.

He said: "It is our calling to evolve the policies that will mitigate the hardships of far-reaching change. We must move forward to defuse conflict and tensions lest they engulf the state and destroy liberty."

In his television interview Mr Heath confirmed that he considered the Government to be taking undue risks with Britain's social stability. "I think that's very obvious," he said.

He said abolition of the GLC and the metropolitan counties, to be debated in the Commons next week, would do nothing to uphold the rights of the democratic majority.

Italy relaxes exchange controls

BY JAMES BUXTON IN ROME

ITALY, which has the EEC's tightest foreign exchange controls, yesterday announced significant reductions in curbs on investment, foreign travel allowances and trade finance.

The changes are partly because of mounting pressure from the European Commission in Brussels to relax controls. They follow modest measures taken a few weeks ago by France.

It emerged yesterday, however, that the Italian Government is considering tighter regulations on investment by foreign companies in Italy.

Under the liberalisation measures, announced by Sig Nicola Capria, the Foreign Trade Minister, the size of the non-interest bearing deposit which must be made in respect of investments abroad will fall from 50 per cent to 40 per cent for investments in EEC and OECD countries. For investments in shares issued by EEC companies, it will be reduced to 30 per cent.

The recently authorised Italian mutual investment funds will no longer have to make a deposit on the 10 per cent of assets they are allowed to invest abroad.

Italians travelling abroad will be allowed to take bank notes equivalent to Ecu 700, about Lm (£40) instead of the L300,000 permitted at present. They will also have unrestricted use of credit cards abroad for tourist spending.

Companies engaging in foreign trade will be allowed slightly greater flexibility over the periods in which foreign exchange may be held before making and after receiving payment. In addition, they will no longer be forbidden to pay for imported goods and services before the date due for payment.

Sig Capria said he hoped early in the New Year to introduce further liberalisation measures relating to payment for imports and settlements for exports.

The measures, agreed with the Treasury and the Bank of Italy, were seen generally as representing only a small step towards dismantling controls which were strongly reinforced when the lire came under severe pressure in the mid-1970s.

Last year Italy recorded a small balance of payments surplus after several years of deficits. This year's expected surplus of L2,000bn will be of manageable proportions.

Sig Capria said he would try to speed approval of legislation to amend the tough Law 159 of 1978, which imposes criminal penalties for relatively minor foreign currency offences.

Italians flood Europe's wine lake

BY IVO DAWNAY IN BRUSSELS

WITHOUT a single extra grape being squeezed, the level of Europe's wine lake rose several feet yesterday when the Italians produced 1.8bn litres of wine out of thin air.

This remarkable discovery will come as some relief to the EEC's budget managers who have long puzzled over why they have been paying Ecu 1bn (£90m) to distil 3bn litres of wine, more than half of which did not appear to exist in production estimates submitted by Italy and other producers.

It will be no relief at all, however, to the heads of government who have to agree how to cut the ever-more costly wine surplus at a summit in Dublin next week.

Wine will top the summit agenda because failure to agree a policy of restraint is holding up community membership talks with Spain and Portugal. Without a deal, the EEC would be unable to contain the costs of a tidal wave of wine flooding in over the Pyrenees.

The story of Italy's prodigious 1.8bn litres explains, at least in part, why wine sector spending doubled this year.

Every December, member states are required to submit their production for wine production and consumption. If this figure breaches a certain total, the surplus is distilled into industrial alcohol at low prices.

There is therefore an incentive for countries to underestimate production. Last year the commission noticed that on

NUM funds Continued from Page 1

He said that Mr Scargill, Mr McGahey and Mr Heathfield were not fit and proper persons to be in charge of other people's money.

They had been party to a series of deliberate, flagrant contempt of court orders which had put the union's funds in jeopardy.

Their actions showed that there was a fundamental conflict of interest between their duties as trustees and their functions as officers of the union.

When they had had to resolve that conflict they had preferred their position as union officers to their duty as trustees to safeguard its assets.

Mr Stubbs argued that if there were to be a receiver, he should be appointed only in respect of the Luxembourg funds — which was the reason for the appointment was sought as a matter of urgency.

A total receivership over all the NUM's assets and property "could mean the death of the union in terms of operational ability," he said.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
Chinese 5pc	233 + 2	BOC	253 - 7
Avon Rubber	213 + 10	Buxton	385 - 11
Invent Energy	510 + 47	Dunlop	24 - 2
Leyland Paint	294 + 24	Habitat Motocare	364 - 10
Martia (R.P.)	390 + 80	Johnson Matthey	68 - 5
Meadow Farm Prod	318 + 25	Lloyds Bank	507 - 13
Medminster	106 + 13	Malays	14 - 7
Pleasurema	382 + 17	Marshall's Halifax	218 - 20
Scapa	400 + 10	Midland Bank	342 - 10
Sieba	440 + 20	NorthWest Bank	558 - 17
Star Computer	83 + 20	Oliver Prospecting	205 - 25
Starie Clothes	85 + 10	RTZ	600 - 15
Telecomputing	330 + 15	Roife & Nolan	125 - 10
Tyne Tees TV A	165 + 10		

WORLDWIDE WEATHER

UK today: Cloudy with rain. Brighter later in the West.

Y'day	Y'day	Y'day	Y'day
midday	midday	midday	midday
Alajaco F 17 63	Conhgr. C 7 45	L. Anst. F 6 55	Perth S 1 34
Algers S 21 70	Corfu S 17 63	Madrid C 20 58	Prague C 1 34
Avon S 19 50	Dublin F 11 52	Madrid F 11 52	Regjvjk. S 0 22
Athens F 14 57	Dublin F 11 52	Malaga F 18 61	Rio J'o S 17 63
Bahrain S 28 82	Dbrvsk. S 18 61	Malaga F 18 61	Rio J'o S 17 63
Beirut S 17 63	Edinb. F 11 52	Manch. F 18 61	Rome S 17 63
Belfast S 12 54	Faro C 10 50	Melbne. F 18 64	S F'cast F 8 48
Berlin S 4 39	Frank. S 3 37	Mexico C 1 32	Singap. F 29 81
Birm. C 11 53	Gibraltar F 17 63	Milan F 18 61	S'age S 23 73
Blackpl. F 11 52	Glasgow C 11 52	Mont. F 18 61	Stockhm. C 6 43
Bombay S 29 84	H. Kong C 22 72	Moscow S 7 18	Sydney F 22 72
Bord. C 14 57	Helsinki C 5 41	Munch C -2 28	Tangier C 18 64
Boulog. S 12 54	Innsbrk. S 10 50	Nassau C -2 28	Tenise S 23 73
Bristol S 13 55	Inverva. F 13 65	Nescau C -2 28	Tokyo S 15 59
Brussels S 13 55	La Mio C 11 52	Nescau C -2 28	Wanna C 1 30
Budap. S 5 41	Istanbul S 12 54	Nice C 12 54	Valencia F 15 59
Cardif. C 11 52	L. Pina F 22 72	Niccia F 17 63	Venice F 5 41
Cairo S 22 72	Locarno S 6 43	Oslo F 6 43	Warsaw S 5 41
Canb. C 11 52	L. Pina F 22 72	Oslo F 6 43	Warsaw S 5 41
Chico. C 1 24	Locarno S 6 43	Oslo F 6 43	Zunch Fg -1 30
Colonia S 12 54	London S 13 55	Peking F 9 45	

C-Cloudy, D-Drizzle, F-Fair, Fg-Fog, H-Hail, R-Rain, S-Sunny, Sl-Sleet, Sn-Snow, T-Thunder.

↑ Noon GMT temperature.

U.S. finance group sues former head for \$2m

By William Hall in New York

AFTER repeated telephone calls and some not so polite letters, Financial Corporation of America, the parent of the biggest U.S. savings institution, is suing its former head, Mr Charlie Knapp, for \$2m (£1.7m) it paid him hours before he was forced to resign.

FCA has already put on sale the five company aeroplanes, 475 company cars and more than 40 flats which were the hallmark of Mr Knapp's corporate empire. The company wants the money, paid to Mr Knapp when FCA was teetering on the verge of collapse last August, to be returned.

According to court papers, Mr Knapp, aged 49, the architect of FCA's meteoric growth, refused to resign until he had been paid the money, more than four times his annual salary. FCA's new management team tried to stop the payment but the money had already been deposited in a Swiss bank account.

The Federal Home Loan Bank board which supervises FCA and the Federal Home Loan Bank of San Francisco, which lent FCA money during this summer's run on its deposits, have urged the company to try to get its money back. They say that the company's managers of financial institutions which run into difficulties suffer some loss.

FCA had hoped that the enterprising Mr Knapp, who has recently re-entered the financial services business with most of his old chums from FCA, would do the decent thing and return the money. Mr Knapp had shown no signs of doing so. FCA is taking him to court, claiming that the payment was "unfair and grossly excessive."

"But for Knapp's adamant refusal to depart unless he received a substantial payment, FCA's board of directors would never have agreed to make such a payment to him," FCA is arguing in its case. The directors believed they had no choice but to yield to Mr Knapp's demands in return for his agreement to leave the company.

FCA says Mr Knapp took "grossly oppressive and unfair advantage of FCA's economic necessities and distress" in demanding the money. It believed that Mr Knapp's resignation was essential to restore confidence in the company. Mr Knapp has denied the allegations.

Continued from Page 1

EEC links

has been given three months to prepare a report.

At a press conference after the summit President Mitterrand was more reserved in his expressions of warmth, confining himself to speaking of the "great constancy of Franco-British relations." He also used the occasion to express his disagreement with Britain's decision to pull out of the United Nations Educational, Scientific and Cultural Organisation (Unesco).

But the critical divergence between the two governments as it emerged in the comments of the two leaders was in their assessment of the priorities towards achieving greater EEC unity.

President Mitterrand stressed that the EEC must continue to "reinforce its political capacities" France's position was represented by the report drawn up by M Maurice Faure for EEC heads of government at next week's Dublin summit which advocates further steps towards political union.

In contrast Mrs Thatcher emphasised the "practical steps that needed to be taken to remove barriers in the European market. In her speech at Avignon, she said several distinguished Europeans had suggested she should speak about European union.

"I think I rather shocked them," she added, "by replying that I would need to know what is meant by it before I could tell whether I was for it or against it. It is important that people define their terms."

She described the "Europe she wanted in the following language: "We want to see greater unity of the Community market, greater unity of Community action in world affairs, greater unity of purpose and action in talking to employment and the other problems of our time and greater unity in the development and application of new technology."

She added in an implicit reference to the report drawn up by Senator Jim Dooge of Ireland on EEC union, of which M Faure's report is an element.

"Another report, no substitute for progress."

Kinnock

There were legitimate fears for civil liberties.

Mr Arthur Scargill, president of the National Union of Mineworkers, was delayed by a court hearing in London. But when his name was mentioned to the audience as a speaker, there was a full-throated cheer.

The drift back to work slowed markedly yesterday. The National Coal Board said that only 129 strikers returned, taking the figure for the week to 2,158 compared with just under 6,000 in the previous week.

The NCB said a total of 15,000 miners had returned in November, that of 46 of Britain's 174 collieries were working normally. Eighteen pits were producing some coal. About 36 per cent of the NUM's 189,000 members are said to be not on strike.

Three pits in Scotland are producing some coal, out of a total of 12; seven in North Derbyshire out of nine; 25 out of 25 in Nottinghamshire; 12 out of 15 in the South Midlands; and all 17 in the West-erna area.

In a detailed breakdown for Friday, November 23, the NCB said there were 68,227 NUM members not on strike. It also reported that during that week 123 working miners rejoined the strike.

THE LEX COLUMN

Teasing time for Telecom

There was the whiff of an impending sensation last night as the City sat out the final hours before the allocation of BT shares. Everyone is acutely conscious that the vendor may have painted itself into an embarrassingly small corner, with the supply of BT shares overwhelmed by the tide of applications. Dealings in the unofficial "grey" market—including hedging with bookmakers—suggest an opening price in excess of 70p, just the sort of lift-off that would be guaranteed to ignite a first class political row.

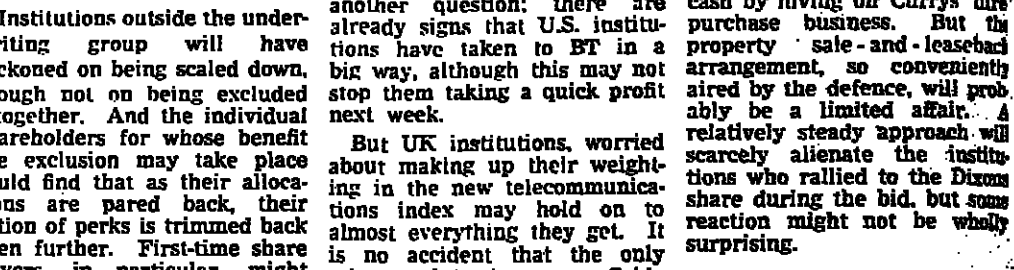
But if the partly-paid shares do go to a 40 per cent premium, or anything of the kind, it is not only the opponents of privatisation, and sophisticated critics of over-generous pricing, who may be annoyed. For in that event it is likely that the cake will have been divided in a way that leaves nearly every class of applicant with something other than they bargained for.

Institutions outside the underwriting group will have reckoned on being scaled down, though not on being excluded altogether. And the individual shareholders for whose benefit the exclusion may take place could find that as their allocations are pared back, their ration of perks is trimmed back even further. First-time share buyers, in particular, might then come to feel — and with some justice — that they had been let down with a bump. To lose the last few shares needed to qualify for the expected number of vouchers would cut the effective yield on an application in a peculiarly agonising way.

At this stage, little or nothing can be done to avoid complaints; that would require changing the rules after the game has started. It is equally impossible to pull shares back from the large UK institutions or reduce the numbers offered in overseas markets, to increase the ratio of vouchers and bonus entitlements, or to throw extra BT shares into the auction. In every case, these obvious ways of solving the problem are either impractical or plain illegal. But from the hard-boiled viewpoint of the Treasury, the whole exercise will in any case be a triumph.

Perversely, it could also vindicate the existence of that much despised species, the stag. If enough stags emerge next week, to supply the market with a critical supply of stock, the Government could still hope to

Index fell 8.5 to 917.3



square the BT circle, taking its money without paying too heavy a political price. Where the stags will break cover is another question: there are already signs that U.S. institutions have taken to BT in a big way, although this may not stop them taking a quick profit next week.

But UK institutions, worried about making up their weightings in the new telecommunication index may hold on to almost everything they get. It is no accident that the only other stock in the sector—Cable & Wireless—has risen 17 per cent during the BT selling period. And if too many stags should metamorphose into long-term investors, BT could easily have an explosive debut.

Currys/Dixons

Dixons and Currys have fought such a tremendous battle that it was almost a relief yesterday to see them stop, like Tweedledum and Tweedledee, in time for tea and the Christmas retailing season.

All manner of cruel and wounding things flew about during the big struggle, yet Dixons does not immediately plan to do an excessive amount to Currys. Having caught its victim with its interim profits down at the beginning of October, Dixons can look to Currys' own promises of better behaviour for a combined full-year pre-tax profit of over £50m without further buying.

Even Dixons' Mr Stanley Kalms may leave it till after the weekend before tip-toeing to Ealing to stare in wonder at a fridge. But Dixons waves aside both its inexperience of white goods and the evidence Currys that white and brown goods may not mix too well. Far from integrating the two groups' product range, Dixons is planning to cut overlap such areas as televisions as it hopes that Currys' range will profit from a greater buyer orientation (and enlarge cloud).

There seems sense in keeping two distinct chains, directed at distinct spending groups (20 sexes), but in holding Currys very much to the lower end of the market, Dixons might as well look to morale in family business defeated but humbled.

For the moment, Dixons is fighting shy of some of the more outé notions put forward by the Currys family and its advisers during the defence. Mr Kalms has a retailer's distaste for rental business, and that looks set for disposal as winding down, and he can't cash by hiring off Currys' big purchase business. But the property sale-and-leaseback arrangement, so conveniently aired by the defence, will probably be a limited affair. A relatively steady approach will scarcely alienate the institutions who rallied to the Dixons share during the bid, but some reaction might not be wholly surprising.

Heron

As one of Britain's most notoriously private companies, Heron makes few appearances in the London capital markets. When sighted in recent years, it has often enough been at the under-bidder in auctions in companies like the old Woolworth, NDS and Associated Communications. Through these profitable manoeuvres Heron seemed to have perfected a technique for raising money on the Stock Exchange without coming close to issuing any equity of its own.

Heron has now surfaced as a pioneer in the Euromarkets, the first UK company to issue a floating rate security denominated in Ecu (the EEC's official currency basket). The advantage to Heron is that the mixture of currencies is a good match for its property assets on the continent. To get the money only a above Libor may look something of a coup for a private company, though the addition of warrants rubs some of the gilt from Heron's gingerbread. But what do the warrants convert into? Another slice of plain old debt

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